

Israel insists: Not involved in Contra funds

By BENNY MORRIS
Post Diplomatic Correspondent
and WOLF BLITZER
Washington

The government yesterday reiterated that Israel was not party to the diversion of funds from the Iran arms sales to the Nicaraguan Contras, and that Israel throughout the Irangate affair had acted out of a "spirit of close cooperation" with the U.S.

But the statement, issued yesterday by the Prime Minister's Office, failed to reiterate the major Israeli

denial made in an official "government statement" a month ago, that Israel had never supplied arms to the Contras, who are fighting the pro-Communist Sandinista regime in Nicaragua.

Reacting to the weekend publication in the U.S. of the Senate Intelligence Committee report, the government "reaffirms that it had no knowledge of, and was in no way party to the alleged diversion of Iranian funds to the Contras," the statement says. "The payments for the Iranian transactions were made

by an Iranian representative directly to an account designated by the Americans, and none of the money transferred by the Iranians went through or remained in the hands of Israel or its representatives."

"Likewise, there is no foundation whatsoever to the allegation that Israel suggested to the U.S. that arms from Israel be delivered to the Contras," the announcement continues.

"Throughout the Iranian affair," the statement says, "Israel acted in full cooperation and coordination

Shomron is 13th chief of general staff

By BENNY MORRIS
and JOSHUA BRILLIANT
Jerusalem Post Reporters

The cabinet accepted Defence Minister Rabin's recommendation yesterday and appointed Aluf (Major-General) Dan Shomron, 49, as the IDF's 13th chief of general staff. He will replace Rav-Aluf Moshe Levy in April or May.

Neither Levy, who last week lobbied with Prime Minister Shamir against Shomron's appointment, nor Shomron was present at the cabinet meeting. None of the ministers opposed the appointment, though a number asked questions, and speculation was rife yesterday as to what changes in the IDF the innovative Shomron may introduce.



Aluf Dan Shomron (Rubinger)

Shomron said in an Israel TV interview last night: "I don't accept the approach that a war with Syria is inevitable. Syria represents a hard-line policy, in which it is isolated today, against any negotiations."

"But Syria knows what we know: that alone it is incapable of building an army that can achieve its goals."

Several ministers asked why Levy had opposed Shomron's appointment and what would be the fate of the other top officers who had

al chiefs of staff had opposed the appointment of their successors. But they had no standing in the law (Basic Law: The Army, 3(c)), which specifies that the defence minister is to recommend the CGS's successor and the cabinet is to appoint him. He said that he hoped to persuade the other contenders to the post to remain in the army.

Prime Minister Shamir wound up the discussion by congratulating Levy for his past services, and Shomron.

Rabin yesterday reportedly met Orr, Barak and Drori, told them of the appointment, and attempted to persuade them to remain in the army.

When then-defence minister Moshe Arens recommended Levy for the post instead of Shomron or Aluf (Res.) Avigdor Ben-Gal, Ben Gal quit the army.

Rabin had opposed Shomron's formation of a ground corps command, but later became its commander. Last August, Levy promoted him to the post of deputy CGS.

Orr had been OC Central Command before moving to the Northern Command. He declined to become

Precise Israel answers on Contra deal needed

Reacting to the weekend publication of the U.S. Senate Intelligence Committee report yesterday, Israel again denied that it had had knowledge of, or been party to, transferring funds from the sales of arms to Iran to the Nicaraguan Contras.

Israel's general and vague declarations notwithstanding, however, the committee's report raises a number of pointed questions about Israel's role in the 1985-86 arms deals with Iran and the funding and arming of the Nicaraguan Contra rebels. Israel so far has felt no obligation or necessity to respond in detail to either the committee's allegations, or others recently published in the U.S. and Israeli media.

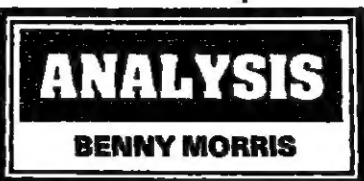
But Israel's leaders and senior officials are well aware of the gradual erosion these allegations are causing to Israel's image and credibility in the U.S., and some officials believe that the hour is fast approaching when Jerusalem will have to supply detailed answers.

The major questions regarding Israel's conduct that emerge from the Senate committee's report and recent media reports are:

□ Did Israel, directly and indirectly, sell arms to the Contras during the years 1983-86? If so, which ministers and senior officials knew of it and which were kept in the dark?

□ If they knew, did Israel's leaders inform (which?) American leaders of these sales?

□ Did Israel, through its representative in the second stage of the Iranian arms deals, Amir Nir (the prime minister's adviser on terrorism), propose that the funds earned by the sale of arms to Iran be diverted to funding the Contras? Did Nir know that Iranian funds would be, or were being, diverted to the



Contras? And did Nir brief his prime minister, Peres, on the destination of the Iranian funds? If so, did Peres inform Defence Minister Rabin and then foreign minister Shamir of this?

□ Did all the funds obtained from the Iranian arms sales reach their appointed destinations? Did Israeli officials and/or arms dealers rake millions of dollars off the top in profits? If so, was this done with the knowledge of the Israeli government? How much money, if any, was made by the Israeli participants (arms dealer Ya'acov Nimrodi, businessman Al Schwimmer, Nir, etc.) and were taxes paid on these profits?

□ Who in Israel decided to transfer to Iran second-hand, out-dated Hawk missiles instead of those ordered and paid for by Iran? Was Rabin party to this attempted deception (which ended with the Iranians angrily returning the missiles and temporarily breaking off the negotiations with Israel and the U.S.)?

□ What decision-making process and staff-work took place before and during Israel's involvement in the Iranian arms deals? What Israeli agencies or ministries were involved and which were kept in the dark (Defence Ministry, Prime Minister's Office, Foreign Ministry, Mossad, etc.)? What motivated Israeli participation in the deals — a strategic-political interest in the regime in Teheran, friendship towards the

Thatcher to discuss issue of Nazi criminals

By DAVID HOROWITZ
Jerusalem Post Correspondent

LONDON. — Prime Minister Margaret Thatcher has agreed to meet later this month with a representative of the Simon Wiesenthal Centre, to discuss evidence that 17 Nazi criminals are living in Britain.

Thatcher's decision to meet with Rabbi Marvin Hier, dean of the Los Angeles-based centre, comes days after Scottish TV publicized documents suggesting that it has been official British govern-

ment policy since 1948 not to pursue alleged Nazi criminals.

The Wiesenthal Centre sent the list of 17 names, together with a dossier of evidence, to Downing Street last October.

A spokesman for the centre said at the weekend that newly-discovered documents clearly identify the Nazis and make it possible for prosecution.

Antanas Gecas, who now lives in Edinburgh, is the only alleged Nazi

criminal to have been named publicly so far, but the centre has said it believes other former Latvian SS officers and Nazi officials are living in Nottingham, Birmingham and Wales.

The centre will next week forward to the American authorities evidence that some 50 former Nazis are living in the U.S. under false names. Similar information has been passed to both the Australian and Venezuelan governments in the past few months.

'No swap from Israel for Beirut hostages'

By BENNY MORRIS

Israel will not release the 400 Shi'ite prisoners held in its jails or in South Lebanon in exchange for the four Americans and British negotiator Terry Waite abducted a fortnight ago by Shi'ite extremists in Beirut, Defence Minister Rabin made plain yesterday. Nor does Israel expect Washington to ask Jerusalem to do so, sources in the Prime Minister's Office said yesterday.

The sources were reacting to reports that the Shi'ites have proposed

that such an exchange take place within a week. In lieu of that, the terrorists have threatened to begin executing the four American University teachers taken at gunpoint from their campus in West Beirut. (See Shultz Warns, p.3)

"Israel is not an address, or an international bank for terrorists, where any country that wants to incur the release of one of its citizens can come and expect us to pay the price," Rabin told Israel Radio.

The sources said that no American request has been received in the

matter, and that judging from past experience, no such request would reach Jerusalem. Similar exchange demands were made during the Achille Lauro hijacking and the TWA hijacking, but the U.S. did not approach Israel on the matter, said the sources. Besides, said the sources, Israel has "a long-standing policy" of not exchanging prisoners for hostages, and Israel sees no room for a change of this policy.

"We have a position in principle on this, that we don't deal with terrorists," Prime Minister Shamir's

spokesman, Avi Pazner, told reporters yesterday.

In the early 1980s, Israel twice exchanged hundreds of terrorists in Israeli and South Lebanese jails for a handful of Israeli prisoners in terrorist hands. Those exchanges, which included the release of dozens of murderers, sparked criticism from the Israeli public and from abroad as submission to terrorist extortion. The feeling in the aftermath was that in future, Israel would find it politically difficult to carry out such exchanges.



One of the nine persons wounded in the bus explosion being treated at the Hillel Yaffe Hospital in Hadera. (AFP)

9 hurt, one seriously, in Egged bus blast

By YORAM GAZIT
For The Jerusalem Post

TEL AVIV. — A 78-year-old man, one of nine people wounded in yesterday's bomb blast on a Haifa-Jerusalem bus, was in serious condition last night in Hadera's Hillel Yaffe Hospital.

Surgeons operated on the man yesterday in an effort to save his leg from amputation.

The bomb exploded near the front of the No. 940 Egged bus at about 10 a.m. The bus was on the Tel Aviv-Haifa highway near the village of Jisr az-Zarka when the blast occurred.

Two rival Palestinian terrorist groups claimed responsibility yesterday for the bus attack.

The injured were taken by ambulances and private cars to Hillel Yaffe.

Hospital director Dr. Shmuel

Mashiach said four people suffered light to moderate leg injuries, and four others suffered "light injuries, mostly in their ears and eardrums."

A Haifa police officer said "many" suspects had been rounded up for questioning, both in Haifa and in Hadera. He said all the detainees were later released.

The driver of the bus said he checked the bus for suspicious objects when he arrived in Haifa from Jerusalem earlier in the morning, and again before leaving Haifa.

An eyewitness who had been driving near the bus at the time of the blast told Army Radio: "I suddenly heard an explosion. The bus's rear window flew off...and passengers immediately started screaming. I saw one wounded person taken away on a stretcher, and one was treated

6,000 illegal houses may be licensed

By ASHER WALLFISH
Jerusalem Post Reporter

The government is expected to endorse the recommendations of the Markovitch Committee on unlicensed construction in the Arab and Druse sectors, whereby 300 houses would be demolished and over 6,000 would be licensed retroactively.

Minister-without-Portfolio Moshe Arens, who is responsible for minority affairs, formally submitted the Markovitch Committee's findings to the cabinet at its weekly session yesterday, and asked it to approve their implementation.

Arens said that although it would seem to go against the grain to give retroactive approval to 6,000 law-breakers, it would at the same time

be unthinkable to demolish 6,000 homes.

Since there was not enough time to give the floor to all the ministers who asked to speak on the issue, the cabinet will take up the Markovitch report again at a later meeting.

Ya'acov Markovitch, deputy director-general for special duties at the Interior Ministry, was asked last year by the former interior minister Yitzhak Peretz to submit a report on illegal building.

He proposed that 300 buildings set up on land earmarked for roads, public institutions and public utilities such as water and electricity lines should be pulled down forthwith. Several thousand for which permits were never granted, and in some cases never sought, should be legit-

mized permanently or provisionally, he recommended.

In the discussion, ministers pointed out that in the final analysis of provisional licence would become permanent.

They also noted the problems involved in implementing Markovitch's call for effective supervisory machinery to spot new illegal construction the moment it begins, so that the phenomenon of thousands of unlicensed houses does not recur.

Industry Minister Ariel Sharon suggested that supervision of unlicensed construction be handed over to the Green Patrol, a unit directed by the Agriculture Ministry, which acts against squatters and herdsmen who encroach on public land.

The Green Patrol was set up by Sharon when he was agriculture minister. It has been the target of harsh criticism by Israeli Arabs for what they term its heavy-handed enforcement of laws on the use of public land.

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The weather at major Swissair destinations

	12.87	MIN.	MAX.
AMSTERDAM	10-14	10	14
BREITENBURG	10-14	10	14
BRUSSELS	10-14	10	14
CHICAGO	10-14	10	14
COPENHAGEN	10-14	10	14
FRANKFURT	10-14	10	14
GENOVA	10-14	10	14
HAMBURG	10-14	10	14
HELSINKI	10-14	10	14
LONDON	10-14	10	14
MADRID	10-14	10	14
MUNICH	10-14	10	14
PARIS	10-14	10	14
ROME	10-14	10	14
SARAJEVO	10-14	10	14
STUTTGART	10-14	10	14
TORONTO	10-14	10	14
ZURICH	10-14	10	14

THE WEATHER

Forecast: Partly cloudy, with occasional high temperatures.

	Yesterday	Today	Humidity
Jerusalem	10-14	10-14	10-14
Golan	10-14	10-14	10-14
Nahariya	10-14	10-14	10-14
Safed	10-14	10-14	10-14
Tiberias	10-14	10-14	10-14
Nazareth	10-14	10-14	10-14
Afula	10-14	10-14	10-14
Shomron	10-14	10-14	10-14
Tel Aviv	10-14	10-14	10-14
B-G Airport	10-14	10-14	10-14
Jericho	10-14	10-14	10-14
Gaza	10-14	10-14	10-14
Be'er Sheva	10-14	10-14	10-14
Eilat	10-14	10-14	10-14

SOCIAL & PERSONAL

Mr. Steve Marcus, a member of the Israeli's board of governors and Mrs. Marcus, accompanied by French television producer Jacques Chancel, Mrs. Chancel and their party, yesterday visited the Weizmann Institute of Science as guests of its president, Prof. Arshav Dvoretzky. They also met with the institute's deputy president, Prof. Shmuel Shalev. Mr. Chancel (vice president of finance and administration), and Prof. Michael Feldman, Nechama Haran Ghera, Leo Sachs and William Taub.

A bi-partisan parliamentary delegation from Honduras, headed by the president of the Honduran Congress, Carlos Orbin Montoya, has been visiting Israel since last week and has met with President Herzog, Prime Minister Shamir and Foreign Minister Peres. Today the delegation will be received at a special ceremony in the Knesset, where it will meet with Speaker Shlomo Hilel.

ARRIVALS

The Speaker of the Liberian House of Representatives and Mrs. Samuel D. Hill, last night, accompanied by a party of eight including the deputy foreign minister, Ambassador George Wallace, and the adviser to the president on international affairs, Bai Gbala.

A Peres-type vacation

Vice Premier Shimon Peres today begins a five-day vacation, the first he has taken in 10 years, according to his media adviser, Uri Savir. Savir said that Peres will spend time "in the South" and during the vacation will meet with the heads of local councils.

What sort of vacation is that? "A Peres-type vacation," said Savir.

DIRECTOR. — The cabinet, at the recommendation of Housing Minister David Levy, yesterday appointed Amos Unger director-general of the Housing Ministry.

HOME AND FOREIGN NEWS

Nimrodi counters Israeli denials

By WALTER RUBY
NEW YORK — Israeli arms-dealer Ya'acov Nimrodi has claimed that the Defense Ministry approved the sale of \$50 million worth of Israeli weapons to Iran almost two months before the first reported American request for Israel's help in approaching Tehran.

His statement, published by *The New York Times* on Sunday, runs counter to repeated assertions by Israel that it sold arms to Iran only in response to U.S. requests, and specifically to help free U.S. hostages in Lebanon.

Nimrodi was quoted in a front-page interview as saying that Israel pursued its own arms sale to Iran because it wanted to establish contacts with purported Iranian moderates in high government positions, and because Nimrodi's Iranian contact, Manichor Ghorbanifar, promised to give Israel a Soviet T-72 tank captured from the Iraqi army in the Gulf war.

No Western government is believed to have obtained a T-72, which is the most advanced tank in the Soviet arsenal.

Nimrodi told *The Times* that the deal with Iran was called off at the last minute, while the arms were being prepared for loading in Eilat, when Ghorbanifar informed the Israelis that Tehran had decided it wanted to buy American TOW anti-tank missiles instead of Israeli mortar shells.

The Israelis, according to the interview, informed the Iranians that permission from Washington was required before Israel could sell Iran the TOWs. It was at this point, Nimrodi said, that the Iran-Israel-U.S. arms connection was made.

Fewer visas, but fewer refuseniks

The purpose of the new Soviet emigration regulations is ultimately to reduce the number of refuseniks, as the refusal of exit visas from now on will be a legal matter.

Refusenik Shaloshvili arrived with 22 other new immigrants from the Soviet Union.

According to the new law, Shaloshvili explained, only those with immediate family outside the Soviet Union are now allowed to even apply for an exit visa to be reunited with their relatives.

The refusal will thus be legal and drastically reduce the number of refuseniks Jews who wish to be "repatriated" to Israel but have no relatives here, will find the Soviet gates firmly shut, he said.

Vanunu's strike enters 4th week

Mordechai Vanunu's hunger strike has now entered its fourth week. His brothers Meir, Asher and Albert visited him yesterday and described his condition as stable.

Prison authorities told them that he had suffered dizzy spells and weakness on Saturday.

Meanwhile, Vanunu's American girlfriend, Judy Zimet, left Israel on Friday. She will wait in the U.S. for Jerusalem District Court Judge Zvi Cohen's decision, expected on Thursday, whether to allow her to visit Vanunu in jail. Cohen is also to hear two other petitions submitted by Vanunu: one requesting visiting rights for an Anglican clergyman, and the other asking that his solitary confinement be ended.

Miller precedent to be tested

By HAIM SHAPIRO
Jerusalem Post Reporter
The High Court of Justice yesterday ordered the Interior Ministry to show cause why it should not register two Reform converts from Kibbutz Mishmar Hanegev as Jews.

The case follows the precedent-setting decision that ordered the ministry to issue an ID card to Shoshana Miller, a Reform convert, listing her nationality as Jewish. Yitzhak Peretz resigned as interior minister over the ruling, and Miller returned to the U.S. for personal reasons before her ID card could be issued.

Following Peretz's resignation, the acting interior minister, MK Ronnie Milo, told the Knesset that the Miller case had created a precedent and that other Reform converts should also be registered as Jews. But despite this, the ministry has apparently refused to do so.

The couple involved in yesterday's case, who live in Mishmar Hanegev, had strong Jewish links even before their conversion, according to Tel Aviv attorney Yosef Ben-Menashe, who is representing them.

The wife, Julia Ann Biglaizer, from the U.S., was the daughter of a Jewish father, a survivor of Auschwitz, and a non-Jewish mother who kept a kosher home. Biglaizer's husband, Murilo Pinto Varela, recounted that though his mother died when he was seven, she had told him that her mother had lit candles every Friday night, raising the possibility that the family were Marranos, Ben-Menashe said.

The two met at Kibbutz Ma'agan Michael. When they decided to marry, they returned to Brazil, where they were converted by Reform Rabbi Marcelo Rittner of Sao

Paulo. Following their conversion, they had a Reform wedding, as well as a civil ceremony required by Brazilian law.

After the Interior Ministry office in Beersheba refused to issue them identity cards listing their nationality as Jewish, they applied to population registrar Yehoshua Kahana, who told them the Miller case was pending and their case would be dealt with after its outcome.

But despite the court's ruling, the Varelas said, the Interior Ministry continued to refuse to register them as Jews. They had applied eight times, they said, and received no reply.

Rabbi Uri Reggev, legal coordinator for the Israel Union for Progressive Judaism, told *The Jerusalem Post* last night that the case indicates that the "rule of law in the State of Israel" is in question. The threat comes, he said, not from Peretz, but from "his shadows, in the form of Prime Minister Shamir and MK Milo."

Reggev said that he is meeting this week with another couple seeking to be registered as Jewish but fearful of "going public." He said the Israel Reform Movement is also dealing with several cases of people who accepted registration indicating their nationality as other than Jewish and who now wish to change that.

"Some didn't realize they were not being registered as Jews, while others accepted the other registration because they were anxious to receive their identity cards," he said.

He added that the Reform Movement would extend full support to any Reform converts who wish to take legal action against the ministry's refusal to register them as Jews.

'Kidnapped' yeshiva boy barred from leaving

The 16-year-old boy allegedly "kidnapped" by his parents from his yeshiva in Bnei Brak on Thursday is to remain in the custody of his parents, the High Court of Justice ruled yesterday.

In rejecting the writ of *habeas corpus* submitted by the boy's sister Thursday night, the court also ruled that the restraining order barring the boy's departure from the country would remain in effect for another seven days. During this time the sister can apply to the district court for legal custody of her brother.

According to the petition, the parents arrived at the Tiferet Torah yeshiva for the newly Orthodox son on Thursday and forced their son into their car, where they drugged him before driving to Ben-Gurion Air-

port to catch a plane for Austria.

The boy had been under the care of his two older sisters, both of whom are newly Orthodox. The trouble began in 1982, when the older sister decided to become Orthodox, the father claimed in an affidavit submitted to the court.

"From that time on, our family life became unbearable," the affidavit said. "She became more and more extreme and demanded that we all act as she saw fit. She would not touch the wine or bread that I blessed, claiming that my blessings were worthless," the affidavit continued.

In mid-1985, after the younger sister followed the older one's example, the parents left for Austria, to stay with their eldest son for a while. "The daily storms and squabbles broke me," the father said.

Contact between the parents and the three children in Israel was broken off some four months ago, the affidavit added. But the parents learned that their son had been placed in a yeshiva for the newly Orthodox Jews.

The parents asked the court to allow them to exercise their parental rights and educate their son as they saw fit. After hearing the court's ruling, the father broke down and wept. "My son is being brainwashed," he told reporters. "I'm not prepared to lose him. The Orthodox led my daughters astray. I'm not prepared to give up on my son." (Lim)

Damascus Gate stabbing earns stiff sentence

A Fatah member convicted of causing bodily harm was yesterday sentenced to 10 years' imprisonment by the Jerusalem District Court.

Gemal Zinati of the Jebeliyah refugee camp in Gaza stabbed Naim Frej Cohen in the neck and in the

back last March near Jerusalem's Damascus Gate.

The stiff sentence comes as a result of the numerous stabbing incidents in East Jerusalem, the court explained, which sharply undermine Jewish-Arab coexistence in the city.

Dan Shomron: Entebbe hero now CGS

By JOSHUA BRILLIANT

During the first days of the 1967 war, Dan Shomron and his jeep driver were attempting to refuel at a petrol station near El Arish airport when an enemy vehicle pulled up and 12 Egyptian soldiers trained their guns on the two Israelis.

Shomron looked into their eyes and detected a sense of uncertainty, as though they weren't quite sure who really controlled the area. He motioned to them to descend — and they did. They lined up. Shomron then motioned them to lay down their arms — and they did. At that point, the man selected yesterday to be the IDF's 13th Chief of general staff, took the Egyptians prisoner. For this he won a citation from the OC Southern Command.

Years later, when he was a major-general and OC Southern Command himself, he gave an unusually frank interview to *Ha'aretz's* defence correspondent Ze'ev Schiff.

In it, Shomron said armies usually collapse because they lose the will to fight, not because they are weak. That is what happened to the Egyptians in 1967 and in 1973, he said. The lesson was that "our fighting method must be expressed not in quantity of ammunition and weapons. We must seek a method...that will affect the other side's willingness to fight. You cannot achieve that by a frontal attack," he added.

How Shomron intends to translate his theories into operational plans remains to be seen. But he has gained a tremendous amount of experience in commanding small and large units, and invaluable experience as the founder of the Ground Corps Command and later as deputy chief of general staff.

He has also closely followed the latest technological developments and concepts regarding future battlefields. A former rival for the post of CGS, Aluf (res.) Avidgor Ben-Gal, yesterday commended him for having developed "correct concepts" regarding ground battles in the 21st century.

Shomron was born in Kibbutz Ashdot Ya'acov in 1937. Drafted in 1956, he volunteered for the paratroopers.

At the end of his compulsory service he returned to his kibbutz to drive a tractor and a

semi-trailer. But two years later he was back in uniform, saying he missed the challenge.

When Israel attacked Egypt in the Six Day War, Shomron commanded a reconnaissance unit in the division that broke through Egyptian lines in the Gaza Strip and north Sinai. Shomron is reputed to have been the first to arrive at the northern end of the Suez Canal.

The subsequent War of Attrition found the paratrooper officer at the head of a battalion in the Jordan Valley and at the Suez Canal. Later he switched to the Armoured Corps.

For several years Shomron advanced in that corps, and was the commander of one of the brigades near the Suez front when the Egyptians launched the Yom Kippur War.

Shomron's forces lost some 80 per cent of their men in trying to repel the attack. Shomron led his 20 remaining tanks across the canal and helped complete the encirclement of the Egyptian Third Army by occupying the Adabiya port area.

Some 11 months later he was back in the infantry, as chief infantry and paratrooper officer. It was at that time that he achieved world fame for commanding the mission to Entebbe, in July 1976, to free the hijacked hostages there. But, as he related later, that success made him the target of envy and criticism among other officers.

In August that year, he was back in the Armoured Corps at the head of a division in Sinai. In February 1978 he was appointed OC Southern Command — and soon afterwards found himself in the limelight again, when he was involved in evicting north Sinai settlers from a 2,000 dunam vegetable farm near El Arish, following the peace treaty with Egypt.

As OC Southern Command he also played a major role in planning the IDF's redeployment in the Negev following the return of Sinai to Egypt.

In the beginning of 1982, Shomron went abroad to study. The outbreak of the Lebanon War found him at the University of California in Los Angeles. He returned to Israel, but then CGS Rav-Aluf Rafael Eitan, who had clashed with him, did not give Shomron an appointment.

Shomron was one of the candidates to replace Eitan, but then-defence Minister Moshe Arens



Absorption minister Ya'acov Tsor (right) greets one of 50 young South African immigrants from the Habonim-Dror movement who arrived at Ben-Gurion Airport yesterday. Tsor said at the reception for the group that the number of new immigrants from South Africa had tripled in 1986.

Palestinian shot in Gaza

By JOEL GREENBERG
Jerusalem Post Reporter

A Jewish settler shot and wounded a Palestinian after a stone-throwing incident in Rafiah during a wave of unrest yesterday in the Gaza Strip.

Military sources said demonstrations were concentrated in Gaza and Khan Yunis, where pupils stayed away from classes and threw stones, burned tyres and put up stone road-blocks.

Unrest in the Gaza Strip was sparked by last week's deportation of a Khan Yunis student accused of leading the Fatah youth movement in the area. The protests increased after a Khan Yunis boy died of wounds he suffered when he was shot by Border Police as he tried to escape arrest.

In Rafiah yesterday, a man from the neighbouring settlement of Rafiah Yam fired his pistol in the air to disperse youths who pelted his parked jeep with stones.

The youths regrouped as he drove away, hurling stones that smashed the jeep's windshield. The man fired three more shots, wounding an Arab construction worker who was not

involved in the incident.

The Arab was taken to Khan Yunis Hospital with a bullet wound in his thigh. Police questioned the settler, but did not arrest him.

In another incident, a group of men sprayed a mixture of acid and boiling water on pupils at the Ahmed Shawki girls school in Gaza. Twelve girls were wounded, and were taken for treatment to Shifa Hospital. All but one were later released.

Military sources said the attack could have been carried out by Moslem extremists, or by activists trying to get the schoolgirls to demonstrate.

In the West Bank on Saturday night, Bilal Shahshir of Nablus was placed in administrative detention for six months, military sources said yesterday.

Shahshir is accused of being a member of the Popular Front for the Liberation of Palestine and organizing protests during the wave of disturbances in the territories in December.

There are now 42 Palestinians in administrative detention in the territories.

TODAY — Civil Defence Exercise in Eilat Area

A Civil Defence exercise will take place in the Eilat town area today, Monday, February 2. During the course of the exercise, there will be simulated firing and explosions, and sirens will be sounded. In case of an actual alert, sirens will be sounded on an ascending/descending scale.

(0156-04 12)



For some elderly, the golden years can lose their lustre. But you can help brighten up their lives. Through your generosity, The Jerusalem Post's For Some Elderly Fund helps the country's less fortunate elderly lessen the burden in their latter years. Your contributions go a long way.

A sparkling social life!
The Fund supports and maintains day care centres, where our needy elderly can spend their time in a happy, social atmosphere, with arts and crafts, entertainment and kinship. The For Some Elderly Fund ensures their "home away from home" has furniture, equipment and games, and is maintained, heated and kept clean.

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Local firms to build VOA relay

By JUDY SIEGEL
Jerusalem Post Reporter

The Voice of America relay station that is to open in the Arava in five years will be constructed and operated by local companies. It will provide work for hundreds of Israelis, and inject some \$160 million — half its estimated cost — into the economy.

This was agreed yesterday by a ministerial team that met with VOA officials after the weekly cabinet meeting. The details agreed upon — without argument — are a far cry from those originally conceived by

the Americans, who had planned for little Israeli involvement in the project.

Israel had agreed to the construction of the relay station near Hatzeva, from which radio broadcasts will be transmitted to the Soviet Union and other parts of Eastern Europe.

Communications Ministry Director-General Yoram Alster, who was involved in the lengthy negotiations with the Americans, told *The Jerusalem Post* that he is very pleased with the results.

BUS BLAST

(Continued from Page One)

An injured passenger said: "The driver, it seemed, was thrown off his seat, jumped back on it within several seconds, and managed to stop the bus. The windows were smashed...We opened the door by force and started to treat the wounded."

In Damascus, the Fatah uprising, a breakaway faction of the PLO headed by Abu Musa, said it had planted the bomb. In Tunis, the mainstream PLO claimed it was responsible.

Eight of the wounded remained hospitalized last night. An Itim news

PLO flag

HAIFA (Itim) — A 16-year-old boy from Saknin was charged in court here yesterday with flying a PLO flag on Land Day last March and identifying with a hostile organization.

SHOMRON

(Continued from Page One)
head of the Ground Corps Command, and is now running a course for senior officers.

Both belong to Shomron's generation, and observers believe that by the time Shomron ends his tour of duty the cabinet will select one of the "next generation."

Barak, 45, is a member of the younger generation. Although all the hopefuls reportedly threatened to quit the army if they didn't get the top post, observers believe Barak will bid his time.

He spent only a short time in his first position as major-general — in control of Military Intelligence — and is now OC Central Command. Moreover, Barak and OC Northern Command Aluf Yossi Peled reportedly served under Shomron when he was a division commander, and they are considered to be very close to him. Presumably, then, Barak could hope to become deputy CGS, which would improve his chances of becoming CGS when he reaches Shomron's age of 49.

BAZAAR. — The Tel Aviv branch of Akim, the association for care of retarded children, is to hold its annual bazaar on Sunday, February 8, from 10 a.m. to 7 p.m. in the King Solomon Hall of the Tel Aviv Hilton. Donations of merchandise are being sought, and anyone who can help should call 03-651447.

In deep sorrow, we announce the passing of our member

TZIVIA LAWSON

after a long illness, borne with fortitude and courage. The funeral has already taken place.

Husband: Martin
Sons, Nadav and Ezhaz
and all the members of Kibbutz Ha'ogon

To Brenda, Yael and Hila

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LEONARD SHER

All your friends at Carmit, Maale Hahamisha

We announce in sorrow the untimely passing of

DAVID NELSON

and extend deepest condolences to the family.

Hashachar —
Young Judea Movement of Hadassah

04-2

Iraq hits six Iranian towns

BAHRAIN. — Iraq said yesterday its jets hit six Iranian towns and cities in attacks on civilian centres, including a missile strike on Baghdad Saturday.

The two sides gave conflicting versions of ground fighting east of Basra. Iraq's second city which has been the focus of a three-week-old Iranian cross-border offensive on the southern war front.

Baghdad also reported an air strike on a vessel in the northern gulf. Lloyd's Shipping Intelligence in London said it believed an Iranian tanker, the 137,895-ton Khark 3, was holed by a missile.

Iraqi warplanes yesterday struck at the northwestern towns of Mian-dowab, Mianeh, Maragheh and Shahpur in response to Iranian air,

artillery and missile attacks on its cities. Iraq also reported air raids Saturday night on the Iranian cities of Isfahan and Tabriz shortly after the seventh missile in 20 days hit Baghdad, killing or wounding a number of people.

Iraq claimed its forces killed or wounded 2,700 Iraqis in three limited attacks in the Basra area, where Iraq earlier claimed it had retaken 35 sq. km. of Iraqi soil.

The official Islamic Republic news agency (Irna) in Teheran also said Iranian forces destroyed at least 30 enemy tanks or armoured personnel carriers in the fighting there Saturday night and yesterday.

Iraq, however, reiterated its earlier statements that the Iranian invaders had been driven from the

area. "Iraqi armed forces have fully purged the foothold gained by Iranian troops south of Fish Lake," the state-run Iraqi news agency reported.

The agency reported "massive processions" were staged in Iraqi cities and towns throughout the country to celebrate the victory. In Baghdad, thousands of people massed and marched through the streets to the thump of drums, waving banners and photos of President Saddam Hussein.

A western military analyst told the Associated Press in Baghdad that if the Iraqi claims were true, "it's a significant development, because they have gone on the offensive." (Reuters, AP)

Secret CIA arms airlift reported to Angola rebels

NEW YORK (Reuters). — The U.S. Central Intelligence Agency (CIA), in a highly secret operation, used an abandoned air base in southern Zaire to airlift arms to guerrillas in Angola, the New York Times reported yesterday.

It quoted diplomatic and business sources in Zaire as saying that three times last year, C-130 and Boeing 707 cargo jets with the markings "Santa Lucia Airways" arrived at the base in Kamina with arms shipments.

The CIA said it would not confirm or deny any reports of covert activities.

In Lisbon, an Angolan rebel spokesman said yesterday he knew nothing about Zaire's reported role in the affair.

"I have no knowledge about this though I am well aware of the rumours," the Unita (National Union for Total Independence of Angola) spokesman in Lisbon told reporters. He would make no further comment. (The rebels are fighting to overthrow Angola's Marxist government.)

One diplomat told the newspaper the operation was directed by a black American known as "Colonel."

Zaire and Angola signed a mutual non-aggression pact in 1985, and Zairean President Mobutu Sese Seko has repeatedly denied allegations that U.S. aid to Unita, led by Jonas Savimbi, passes through Zaire.

The paper said Unita receives most of its supplies from South Africa.

IRA and Libya in joint plot to free prisoners

LONDON (AP). — Libyan embassy officials in Rome held a series of meetings last year with the Irish Republican Army to devise a plot to free Irish and Libyan terrorists imprisoned in Britain, The Sunday Times alleged this week.

The joint operation, to be financed by Libya and organized by the outlawed IRA, was abandoned a month ago, apparently unhinged by British security precautions, the weekly newspaper said.

The Home Office, which is responsible for British police, declined to comment. "We do not discuss security matters," said a spokesman, who in line with British practice refused to be named.

The newspaper quoted unidentified security sources as saying that representatives from the Libyan People's Bureau, or embassy, in Rome allegedly met IRA men in Amsterdam and Paris last summer and autumn to discuss freeing several IRA and Libyan inmates serving lengthy prison terms in Britain.



"The human body can only bend back so far. No one told me!" demonstrates this contortionist with the Ulan Bator Circus of Mongolia at the 12th international circus festival held in Monte Carlo on the weekend. (AFP telephoto)

U.S. warns of force against kidnappers

Post Middle East Staff and agencies

WASHINGTON. — Secretary of State George Shultz described Beirut as a "plague-infested place from the Middle Ages," and said the U.S. should be prepared to use military force against hostage-takers.

"I think that we have to be prepared to use military force when we have a clear target and know precisely what we're doing," Shultz told U.S. News and World Report magazine.

Meanwhile, the kidnappers of two West Germans, three Americans and an Indian in Lebanon have demanded \$50 million from West Germany and the U.S. for their release, the mass circulation newspaper Bild am Sonntag reported yesterday. The two German hostages reportedly sent letters to their families recently, security sources said in Bonn.

Saturday night, an underground Moslem group threatened to kill the three Americans and the Indian — all Beirut University College professors.

sors, unless Israel frees 400 Arab prisoners within a week.

But there was still no news of British Church envoy Terry Waite, missing since January 20 on his mission to get hostages freed.

Islamic Jihad (Holy War) for the Liberation of Palestine, which claimed responsibility for kidnapping the professors, said in a statement:

"We set a non-extendable, one week deadline for the exchange to take place, after which period keeping the four Americans alive will not be of use to us.

"We will execute them and throw their corpses on the garbage cans of Cyprus," it added.

Shultz told U.S. News and World Report that the circumstances surrounding secret U.S. arms sales to Iran may have reinforced the idea that kidnapping Americans is an effective way to strike out at the United States.

He said the United States should make it clear to kidnappers that they must pay for taking Americans hostage.

Iran holds U.S. newsman as a 'Zionist spy'

TEHRAN (AP). — An American reporter has been detained in Iran, the Swiss Foreign Ministry said yesterday, and hours after his detention the Iranian news agency said a person posing as a journalist had been accused of spying.

Iran's official Islamic Republic News Agency (Irna) said on Saturday night that a "spy of the Zionist regime" had been arrested after entering the country with a false passport and disguised as a journalist. The agency did not identify the person by name or nationality.

Gerald Seib, a reporter for The

Wall Street Journal, was among a group of journalists invited to Iran by the government for a tour of the Iran-Iraq war zone. Michel Paché, a spokesman at the Foreign Ministry in Bern, said Seib was detained Saturday.

In New York, managing editor of The Wall Street Journal Normal Pearlstone, said Seib is "a highly regarded journalist, travelling on a valid U.S. passport. There can be no basis for the detention."

He said Seib's immediate release was being sought through Iranian and other diplomatic channels.

Irish guerrilla's wife slain in front of her two children

DUNDALK, Ireland (AP). — Two gunmen shot and killed the wife of former Irish guerrilla leader Dominic McGlinchey at her home on Saturday night, police said.

Police in Dundalk, near the border with Northern Ireland, said two men burst into Mary McGlinchey's home and shot her in front of her two children, aged 9 and 11.

Details of the shooting were not immediately disclosed.

McGlinchey, 32, former chief of the Irish National Liberation Army, a leftist offshoot of the Irish Republi-

can Army, was convicted last March of shooting at police. He was sentenced to 10 years in prison.

Sources close to the Irish leadership indicated the organization has been divided by serious feuding within its ranks.

McGlinchey, once the most wanted guerrilla in Britain and Ireland, was quoted by a Dublin newspaper as having boasted of killing 30 people since 1972 and taking part in some 200 bombings and shootings in Northern Ireland over a 10-year period.

W. Berlin police raid neo-Nazi rally, arrest 48

WEST BERLIN (Reuters). — West Berlin police broke up a meeting of right-wing extremists Saturday night and arrested 48 participants for breaking an allied military law banning Nazism, a police spokesman said yesterday.

A Justice Department spokesman said many of those taken into custody were members of the extreme right-wing Free German Workers Party (FAP). They were all released yesterday morning.

Justice authorities opened investigations against 104 people who had taken part in the meeting on suspicion of membership of an organization propagating the aims of the Nazi party, the spokesman said. Police raids on 48 houses in the city had brought to light FAP propaganda material and documents on the party's organization and structure.

The Nazi party and organizations propagating its beliefs are banned in West Berlin.

IN BRIEF

'Camps war' resumes

BEIRUT (Reuters). — Palestinians and their Shi'ite Moslem foes resumed tank and artillery battles at two refugee camps overnight on Saturday, killing at least three people and injuring 35 others, including eight children. The injuries prompted one group yesterday to charge the Shi'ite Amal militia with a "children's massacre."

Hawke in Cairo

CAIRO (AP). — Australia's prime minister Bob Hawke flew yesterday from Switzerland on the last leg of a Middle East tour that took him to Jordan, Cyprus and Israel. He is scheduled to hold talks with president Hosni Mubarak today during which he said he would "convey impressions and positions" to him from Israeli leaders.

Thirteen-year countdown begins at the Pompidou

PARIS (AFP). — President Francois Mitterrand set in motion a clock counting down the seconds to the year 2000 at a ceremony on Saturday marking the 10th anniversary of the Georges Pompidou Centre, the museum and cultural complex here.

Holding the hand of a boy who will be 20 that year, Mitterrand pushed a button and illuminated the "Genitron," a digital clock on the front of the building which began the countdown to the end of the century.

Beirut flights off

BEIRUT (AP). — Middle East Airlines, Lebanon's national carrier, suspended its flight to and from Beirut International Airport yesterday, and the country's only public air transport facility was closed down indefinitely. MEA President Sahim Salam said the move followed a decision by foreign insurance companies to cancel insurance on MEA passengers and crews, because of insecurity at the airport.

Morocco says Iran training Sahara guerrillas

RABAT (Reuters). — Morocco said yesterday its armed forces had killed an Iranian military instructor serving with Polisario guerrillas in the Western Sahara. The official Moroccan news agency MAP also said that Iranian experts were training Polisario guerrillas at bases in Algeria, and guerrillas were also sent to Iran for training.

UK sub loses secret sonar to Soviet vessel

LONDON (AFP). — The British submarine Splendid lost a top secret sonar it was towing when it failed to prevent a Soviet submarine on patrol in the Barents Sea off Murmansk from cutting the tow wires, the Mail on Sunday reported.

The newspaper said the Splendid was back in port yesterday in Devonport, in the west of England, where it was being inspected by Royal Navy frogmen. The Ministry of Defence has refused to comment.

17 die in blaze

at Taiwan hotel

TAIPEI (Reuters). — Seventeen people died and 13 were injured when fire swept through a hotel on Saturday night in the Southern Taiwan city of Kaohsiung.

All the dead were trapped by flames on the top two floors of the four-storey hotel in the centre of Taiwan's main port, which is packed with visitors during the Chinese Lunar new year holiday.

China has new defence network

PEKING (Reuters). — China said yesterday it had completed its defence network including a strategic nuclear force capable of counter-attack, but Western defence experts said the system was still primitive compared to the superpowers.

The official New China News Agency said the Chinese defence system included "a well-protected automatic command network, a network to ensure the counter-attack ability of strategic nuclear forces, and strategic bases for air and naval forces."

Indian embassy bombed in Kabul

KABUL. — A powerful car bomb blew up beside the Indian embassy in Central Kabul yesterday, killing four people including two children, official Kabul Radio reported last night.

The radio, monitored in Islamabad, said Afghan Communist Party leader Najib later visited the embassy accompanied by interim president Haji Mohammad Tasmakani and Foreign Minister Abdul Wakil.

Najib blamed the incident on what he called enemies of Afghanistan and India who wanted to damage relations between the two countries, the radio reported.

The explosion, at about midday, sent up a huge cloud of smoke and dust that was visible for kilometres around.

Witnesses said the blast occurred in the district of Shahr Naw, in an area which includes the Interior

Ministry, a security police office, an Indian consular office and residences of the U.S. and Indonesian charges d'affaires.

The Afghan leader was quoted as noting that the attack came at a time when his government's national reconciliation policy was succeeding and hopes were being pinned on the next round of UN-sponsored peace talks in Geneva later this month.

Pakistan, meanwhile, yesterday said that Foreign Minister Sahabzada Yaqub Khan will have talks with Soviet Foreign Minister Eduard Shevardnadze in Moscow later this week aimed at promoting a political settlement in Afghanistan.

A foreign Ministry statement in Islamabad said the talks on February 6-7 were part of a continuing dialogue between the two countries, bitterly divided over Afghanistan

since Moscow sent troops there in 1979 to help a fledgling Marxist government fight Western-backed guerrillas.

It said the visit, at Shevardnadze's invitation, "is expected to help in creating greater mutual understanding and achieving progress towards promoting a political settlement of the Afghanistan problem."

Najib, in an interview with The Hindustan Times, published in India yesterday, said that his national reconciliation plan allowed for the participation of Afghanistan's exiled king.

He was quoted as saying that ex-king Zahir Shah, now living in self-imposed exile in Rome, was welcome to return to his homeland if he was prepared to "work for an independent, neutral, democratic and nonaligned Afghanistan."

Outgoing chief seen at centre of BBC woes

By DAVID HOROVITZ
Jerusalem Post Correspondent

LONDON. — Margaret Thatcher dislikes the British Broadcasting Corporation because she thinks it is smug, elitist and left-wing. But then few governments have ever got on particularly well with the BBC — "the Beeb."

Today's BBC leadership, however, has more than just an offended government on its hands. It has also somehow managed to destroy its journalists' morale and to horrify the general public.

While opinion is divided along political lines as to the precise straw that broke the governors' back, there is widespread agreement that director-general until last week, Alasdair Milne, who presided over five years of BBC confrontation and controversy, had to go.

Milne was written out of the BBC script by new chairman Duke Hussey and his fellow governors. It was a case of "resign," and get full compensation, or be fired and enter a legal battle over severance terms.

Milne's first clash with the government began in 1982, not long after he took over as director-general. The BBC told the House of Commons that it was going ahead with plans for direct satellite broadcasts at an initial cost of tens of

millions of pounds. A year later it was forced to reconsider, and eventually decided the financial risks were too great.

Unfortunately the venture had already cost some £57 million.

In January 1984, following a TV programme investigating right-wing infiltration of the Conservative Party, two MPs accused of racism and anti-Semitism in the programme sued. But the BBC stood by its report.

Until last October, that is, when the matter was finally before the courts. The BBC agreed to a settlement, to the chagrin of many of its journalists.

Milne has been caught up in further, increasing criticism of the BBC, from both within and without, in the past year and a half.

First, BBC journalists went on strike after the governors withdrew a programme featuring an interview with IRA leader Gerry Adams.

Then, in December 1985, the corporation had to suspend two top journalists researching a legal programme, after allegations that they had used bullying tactics to obtain a statement from a witness.

In September last year, Conservative Party chairman Norman Tebbit criticized the BBC for

lack of patriotism in its Falklands War coverage. A month later, a 21-page dossier was issued alleging anti-government bias in reporting the U.S. raids on Libya.

And just last week, a new row developed when one of the Secret Society series, which was to have featured a report on the highly-classified Zircon spy satellite, was shelved under government pressure.

All these conflicts pale into insignificance, however, when compared to the appalling stupidity that caused the death of Michael Lush, the victim of a BBC stunt that went horribly wrong. Lush, an amateur who had written in as a volunteer for the stunt, jumped 30 metres to his death. No one had bothered to check whether his rubber lifeline was securely fastened. It wasn't.

Milne's supporters can claim, with some justification, that the director-general could hardly be expected to take responsibility for such an accident. But many would counter that the evident inefficiency and negligence typified the mediocre state to which the BBC has sunk under Milne.

It was perhaps cruelly appropriate that Milne's "resignation" should come on the same day as the end of the inquest into Lush's death. But the buck had to stop with someone.

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Gorbachev's Gambit

With Careful Cajolery, He Gets the Party To Budge

By PHILIP TAUBMAN

MIKHAIL S. GORBACHEV was at the Kremlin gate last week, tacking up another manifesto for change in the Soviet Union. Pressing the limits of acceptable innovation, the Soviet leader asked the Central Committee of the Communist Party to consider introducing secret balloting and a choice of candidates in the election of local and regional party leaders.

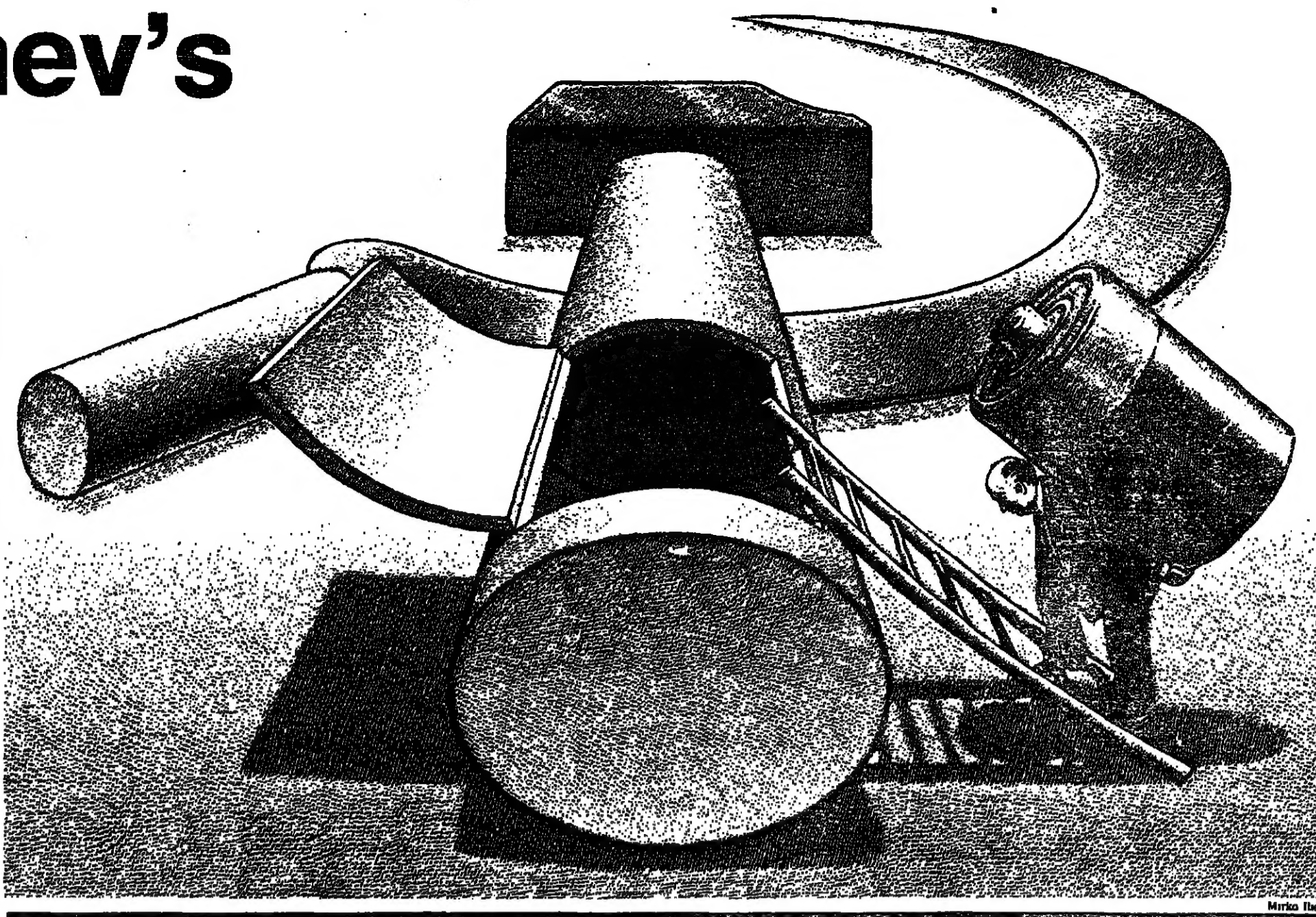
It was quintessential Gorbachev: advancing an idea ahead of its time, then tugging at the Soviet establishment to accept it, seeking consensus but constantly agitating for more change in the face of stiff resistance. In this case, the Central Committee agreed to give voters more choice in the election of local officials, but pointedly did not approve the changes proposed by Mr. Gorbachev that might have let a few rays of sunlight penetrate the party's secret process of choosing its leaders. Western diplomats chalked up the long-awaited plenary session as a mixed success for Mr. Gorbachev, noting that he received a broad but imprecise endorsement for change and secured the promotion of several allies but not the appointment of a new voting member of the Politburo, which makes policy. "The outcome suggests that the Central Committee has reservations about the scope, pace and details of change," one diplomat said.

And so it has gone from the day Mr. Gorbachev assumed power in March 1985. Opposed at many turns by the party and Government establishment, but apparently facing no serious threat to his position as General Secretary, Mr. Gorbachev has combined the fervor of an evangelical preacher with the instincts of a riverboat gambler to cajole the Soviet Union toward a new day. Will his efforts produce permanent change, or, as some in the West believe, does the nature of the Soviet state, with its stultifying bureaucracy and repressive instincts, make lasting change impossible? While the moves so far have been well within the framework of socialism, they have touched many areas of Soviet life.

Arts and Literature

The most obvious change has been in the arts and literature, where the heavy hand of censorship has been lightened, and, in some cases, lifted. Long-suppressed works such as Boris Pasternak's "Doctor Zhivago" and Anatoly Rybakov's "Children of the Arbat," an unflinching look at Stalin's terror, are to be published this year. The novels of Vladimir Nabokov and the poetry of Nikolai S. Gumilev, who was shot for anti-Soviet activity in 1921, have also begun to appear.

A rebellion among directors that threw out the leadership of the main filmmakers' union also touched off a reassessment of previously banned movies. "Repentance," the first film to deal honestly with Stalin's purges and their chilling legacy, opened to the public last month.



"Is It Easy to Be Young?" a powerful film about disaffected young people and troubled Afghanistan veterans, is another current hit.

Movement has come more slowly in other areas, but there are signs of a new tolerance for dissonant music, abstract art and experimental theater. Famous émigrés, who were once condemned, are now in demand. The Bolshoi Ballet recently invited Mikhail Baryshnikov and Natalia Makarova to perform in Moscow. Yuri P. Lyubimov, the former director of Moscow's Taganka Theater, has also been urged to return.

Press and Television

The Soviet press, while still tightly controlled and reverent toward top officials, has moved beyond traditional crusades such as environmental protection to become a testing ground for Mr. Gorbachev's drive for greater "glasnost," or openness. Now a forum for vigorous debate about foreign and domestic policies, the press has raised such long-ignored problems as prostitution, drug addiction, the alienation of youth and the disorientation of soldiers returning from service in Afghanistan.

Perhaps the high-water mark was a series in Pravda, the party newspaper, that exposed misconduct by K.G.B. officials involved in the illegal arrest last year of a Soviet reporter who uncovered corruption in a coal-mining region of the Ukraine. Several officials of the internal security agency were dismissed or reprimanded.

Coverage of the Chernobyl nuclear accident last year started out with a news blackout but eventually became quite extensive, and, in a recent example of candor, the press reported on anti-Russian rioting in the Soviet Central Asian city of Alma-Ata.

Even greater changes have occurred on television. News and entertainment shows have aired several favorable reports of Western life, including coverage of Michael Jackson and McDonald's.

The Economy

Change has been halting in the centrally managed economy with its aging industrial plant and lack of new technology. Apparently unsure how to attack an ossified system, Mr. Gorbachev has abolished a number of ministries, told central planners to get out of the day-to-day management of enterprises, improved incentives for workers, tinkered with subsidized prices and cracked down on alcohol consumption. Industries were given the right to negotiate their own deals with foreign companies. Mr. Gorbachev has also openly encouraged the cultivation of private plots by farm workers and given collective farms the right to sell some excess goods on the open market with prices set by supply and demand. These and other steps are credited with an improvement in national income, industrial productivity and other indexes, but most Western economists say the growth cannot be sustained without more fundamental moves.

Government and the Party

Because he took office after a long period of stagnation, Mr. Gorbachev was able to put together a new team faster than any previous leader. He forced rivals off the Politburo and engineered the appointment of dozens of new Central Committee members. The party Secretariat, which carries out policy, is now almost completely in the hands of Gorbachev loyalists. But it has been harder to inject fresh leadership into the middle and lower ranks, and Mr. Gorbachev last week complained to the Central Committee about resistance at that level.

Rewriting History

For the first time since the Khrushchev era, the Soviet Union has begun a painful re-examination of the Stalin era. A Soviet journal recently published a long-

censored poem by Aleksandr Tvardovsky, appealing to the nation to face the "rampage of evil" under Stalin. Mr. Gorbachev, addressing the period directly for the first time, told the Central Committee last week that "debates and creative ideas disappeared from theory and social sciences while authoritarian evaluations and opinions became unquestionable truths." Aleksandr Bovin, a Soviet commentator, last week warned about opposition to Mr. Gorbachev's changes, noting that his generation watched "with bewilderment, pain and a disgusting sense of our own impotence" as Khrushchev's de-Stalinization efforts collapsed. At the same time, the cult of Lenin has intensified, apparently to give some of Mr. Gorbachev's changes a link to the revolution. Many Russians assume that the next step will be the rehabilitation of Nikolai I. Bukharin, an early leader who opposed Stalin's policies and was shot in 1935.

Dissent

The return of the physicist Andrei D. Sakharov to Moscow before Christmas and the many interviews he has since given to Western reporters are signs of a reversal in the handling of dissent. Hundreds of people remain in prison or exile because they challenged the state, but Mr. Gorbachev, if only to enhance Moscow's international image, has started the slow process of reviewing cases, freeing some prisoners and sending a message that some criticism of the system should be tolerated. Mr. Sakharov said Friday that he was told that two political prisoners, Anatoly Koryagin and Sergei D. Khodorchikov, will be released and forced to emigrate. How much dissent Mr. Gorbachev will allow and whether he intends to curb the K.G.B. remain to be seen.

Meanwhile, in a reminder that some things stay the same, two American reporters watched last week as a dissident they had met in a Moscow park was pursued down the street by a plainclothes security agent.

Increasingly, Washington Pays Attention to the President's Inattention

A Foreign Policy Vacuum Is Now Perceived

By DAVID K. SHIPLER

FOR A Presidency that has relied so heavily on visual imagery, the ceremonial surroundings of the State of the Union Message last week were a boost. The House of Representatives chamber was crisscrossed by members of both houses, the Cabinet, the Joint Chiefs of Staff, the Supreme Court and the diplomatic corps. Ronald Reagan, looking fit and displaying an air of robust command, was interrupted repeatedly by the partisan cheers of his fellow Republicans.

He did not look at all like a President who had been wounded by his evident detachment from the details of foreign policy or the heedless zeal of the White House aides who concocted the Iran-contra scheme.

But the verve and style could not fill the vacuum that many thought they perceived at the center of the Administration. If the absence of new initiatives and reliance on familiar themes in Mr. Reagan's address provides a clue, the President may well face the prospect of two final years of playing little more than a caretaker role in the international arena.

The best possibility for a significant accomplishment may be an arms control agreement with the Soviet Union, but that would require movement by Moscow and unexpected decisiveness by the President in resolving differences among his advisers. His remarks on the subject last week were negative, blaming the Russians for dashing hopes, rejecting compromise on his space-based defense system, threatening to "veto any effort that undercuts our national security."

On other fronts, last week provided a grim picture of a foreign policy devoted mostly to damage control. After cooperating with Israel in secretly selling arms to Iran, the Administration showed alarm at Iran's newly confident military pos-



Michael Ng

ture; it sent naval vessels into the Persian Gulf to warn Tehran against expanding its war with Iraq. And after months in which National Security Council aides bargained with Iranians over concessions to gain the release of American hostages in Lebanon, Mr. Reagan made a ringing declaration of no compromise: "We will not sit idly by if our interests or our friends in the Middle East are threatened, nor will we yield to terrorist blackmail."

Resolute words could not overcome the facts in Lebanon, however. Last weekend, four more men, including three Americans, were abducted in Beirut, bringing to eight the number of known American hostages in that country. The three Americans, teachers at a Beirut university, became the first victims to come under criticism from exasperated officials in Washington who noted that Americans had been warned repeatedly to leave Lebanon. Mr. Reagan conceded that there was "a

limit to what our Government can do for Americans in a chaotic situation such as that in Lebanon today." And the State Department barred the use of United States passports for travel to the country.

By making terrorism a visible concern of his Presidency, Mr. Reagan permitted his aura of control to seem vulnerable, for in capturing his attention, terrorists could magnify their small acts of violence into international crises. This seemed clear in the Iran affair, which also exposed disarray in the Administration. A Senate Intelligence Committee report released last week found that officials had lied to one another and to Congress, concealing and distorting their deeds in selling weapons to Iran and purportedly funneling profits to the Nicaraguan rebels. The White House then issued a seemingly unperturbed statement: "The President is pleased" that the report confirmed that he "neither authorized nor was aware of the alleged transfer of funds to the contras."

That Mr. Reagan should have been pleased by a finding that he was not fully aware of what was happening in the White House illustrated one of his problems. Many who have worked with him have noted his tendency to think in broad, unsubtle concepts and his disengagement from daily functions of government. But his avuncular presence on television screens and the public's embrace of a likable President largely insulated him from criticism.

Now, something has snapped. A sea change has taken place in the press, in Congress where Democrats now hold the majority in both houses — even among some Republicans such as those who said after meeting the President recently that he did not pay attention, that he responded to a question unrelated to that under discussion.

If perception is paramount in politics, Mr. Reagan has weakened, opening the way for Congress to take a more confrontational role in foreign policy. (Republican fortunes, page 4.) Last week, for example, four Senators — two Republicans and two Democrats — introduced a bill to compel the United States to return to compliance with the deployment limits of the unratified strategic arms treaty of 1979.

Uncertainty at the center left the surrounding foreign policy establishment without an anchor. The role of Secretary of State George P. Shultz, for example, remained ambiguous in the aftermath of an Iran policy he did not approve but did not fight vigorously. He has good relations with the President's new national security adviser, Frank C. Carlucci, which should strengthen his hand. But Mr. Shultz is not a dramatic deal-maker in the mold of a Henry A. Kissinger, and it seemed doubtful that his steady, incremental approach to foreign affairs would fill the vacuum.

President Corason Aquino
Agence France-Presse

Philippine unity is eluding Aquino

2

The World

In West Germany, Kohl's Victory Is Far From Sweet

Chancellor Helmut Kohl of West Germany kept his parliamentary majority and his job last week, but the real victors in the election were two of the country's small parties.

Mr. Kohl's Christian Democrats and their Bavarian sister party, the Christian Social Union, suffered

their poorest showing since the founding of the Federal Republic of Germany in 1949, winning only 44.3 percent of the popular vote, compared with 48.8 percent in the 1983 election. But the Free Democrats, the third party in the Chancellor's coalition, increased their share to 9.1 percent, from 7 percent in 1983.

Christian Democrats speculated that they had been hurt by a backlash against the aggressive efforts of the rightist Premier of Bavaria, Franz Josef Strauss, to replace Hans-Dietrich Genscher, a Free

Democrat, as Foreign Minister. They also blamed freezing weather, low voter turnout and overconfidence for the loss of 23 Christian Democratic seats in Parliament.

The configuration of Mr. Kohl's opposition also changed. While the Social Democrats and their candidate for Chancellor, Johannes Rau, did poorly, the Green Party drew 8.3 percent of the vote, compared with 5.6 percent in 1983.

Four years ago, some politicians predicted that the Greens, who favor pulling West Germany out of NATO, were a flash in the pan. If the Free Democrats' gains tend to pull the Kohl Government toward the political center, some commentators said that the Green Party's rise appears to put pressure on the Social Democrats to move leftward. Mr. Rau rejected any alliance with the Greens.

Shultz Talks With Tambo of A.N.C.

President Reagan condemned the African National Congress during the debate on sanctions in July for

"acts of terrorism inside South Africa." But, the next day, Secretary of State George P. Shultz said he would be willing to meet with the group's leader, Oliver Tambo. That meeting took place last week at the State Department, signaling American willingness to recognize Mr. Tambo and his organization as leading players in the South African drama.

The African National Congress seeks the ouster of the Pretoria Government, voting rights for blacks and an end to apartheid. Mr. Tambo said he and Mr. Shultz shared "a large area of agreement on the nature of the apartheid system, on the need to abolish it." But he said the Administration policy known as "constructive engagement," which attempts to exert quiet pressure on Pretoria, had been "unhelpful."

Mr. Shultz, who came under fire from conservatives for meeting Mr. Tambo, raised American "concerns about the degree of Soviet influence in the A.N.C." and the group's violent tactics. Bob Dole of Kansas, the Senate Republican leader and a leading contender for the Presidential nomination, warned that the meeting

could be interpreted as showing approval for terrorism. But many black African leaders were expected to welcome Shultz's gesture.

"Apartheid is inherently a practice of violence," said Mr. Tambo, who was touring the United States to seek support. "We chose not to submit but to fight back, arms in hand." Mr. Tambo said his organization was indebted to the Soviet Union for providing arms but that it had also received nonmilitary assistance from Western European countries.

The State Department said Mr. Shultz intended to "work with all of the parties, to bring them together so they can start talking." South Africa has declined to meet with the African National Congress. Three days before Mr. Tambo's meeting with Mr. Shultz, the police in the black city of Soweto brought Winnie Mandela, the wife of the imprisoned A.N.C. leader, Nelson Mandela, in for questioning. Her files were searched, and she was released.

In another action last week, the Botha Government, overriding a court decision that would have permitted political advertising in news-



Oliver Tambo in Washington

papers, gave powers to Police Commissioner Johan Coetzee to ban publication, film or sound recordings dealing with "any matter." This and other emergency restrictions are to remain in effect while Mr. Botha's National Party defends its large majority in the white chamber of Parliament in elections, which, he announced, will be held May 6.

Milt Freudenheim and Katherine Roberts

Left and Right Step Up Pressure as Vote on Constitution Nears

National Reconciliation Remains an Elusive Goal for Aquino

By SETH MYDANS

MANILA
ANTONIO ZUMEL, a negotiator for the Communist insurgents in the Philippines, returned to the underground 10 days ago when the already faltering peace talks with the Government of President Corazon C. Aquino broke down. Mr. Zumel said his life had been threatened.

His brother, Gen. Jose Maria Zumel, is also in hiding, but for very different reasons. General Zumel is a leader of the dissident soldiers loyal to the former President Ferdinand E. Marcos, whose plans to return to his country were thwarted last week. The Government ordered the general's arrest after he was accused of participating in raids last week that included a two-day takeover of a broadcast station.

The Zumel brothers represent the spectrum of contending forces threatening the national reconciliation sought by Mrs. Aquino and putting pressure on her Government in the days before tomorrow's vote on a draft constitution, a referendum that is meant to legitimize her rule and bring new stability to the Philippines.

Antonio Zumel, a former journalist, had reappeared after 15 years in the underground to take advantage of the cease-fire offered by Mrs. Aquino in an attempt to find a resolution to the Communist insurgency. The 60-day cease-fire that accompanied the talks is to end next Sunday, and the chances are slim that it will be extended. The breakdown in the talks coincided with the killing of 18 demonstrators by troops near the presidential palace, an incident that seemed to dispel the hope that Mrs. Aquino's commitment to human rights could end the violence.

Last July, General Zumel benefited from Mrs. Aquino's leniency — some called it weakness — when he was sentenced only to do 30 pushups after he joined a takeover of the Manila Hotel, where a rebel government was

declared. But last week he was the object of her anger. Mrs. Aquino said the "time for justice and retribution" had arrived. In ordering her commanders to court-martial the troops who had taken over the broadcast station, the President was setting the military against itself, a dangerous confrontation that may take months to play itself out.

Early Tuesday morning, dissident troops moved against nine military and broadcast targets and succeeded in holding one of them, the Channel 7 television station, for more than two days. Though the putsch failed, the pro-Marcos forces appeared to have seriously hurt both Mrs. Aquino and her chief of staff, Gen. Fidel V. Ramos. One of the aims of her opponents, particularly the politicians and officers loyal to the former Defense Minister, Juan Ponce Enrile, has been to drive a wedge between the President and the armed forces, with whom she has never had an easy relationship.

Military 'Resents Intrusions'

In ordering Government troops to battle the soldiers who took over the station, Mrs. Aquino may have taken a step that will irretrievably damage her relationship with the military. "The military has its own ways of solving its problems," one Filipino analyst said. "It resents intrusions, particularly from civilians who seem to have so little understanding of their ways."

General Ramos, who had been seen as the bulwark of the Aquino administration when it was under threat in the past, appeared weakened during the long siege. He seemed unable either to carry out the tough orders of the President or to compel the mutinous troops to obey his commands.

His authority reached a low point Thursday when he met in the early morning darkness with the leader of the mutineers, Col. Oscar Canlas, in a police van outside the broadcast station. The discussion between a weary general and a disrespectful officer, a scene that was played



Gen. Jose Maria Zumel (above right) with Brig. Gen. Antonio Palafo after they surrendered at the Manila Hotel last summer; Antonio Zumel in Manila last month.

and replayed on television, seemed to epitomize the General's falling control over his men.

In the end, it appeared that it was not General Ramos but the younger officers, whose coup plots he had previously foiled, who found a peaceful resolution.

The officers, who, according to military sources, may themselves have been connected with the dissidents, confronted their commander and forced him to countermand his orders to attack.

In the end, Colonel Canlas and his men may have abandoned the station only because word reached Manila that an attempt by Mr. Marcos to return to the Philippines had been blocked.

After nearly a year of rumors of his plans to return, there was evidence that this time he really meant it. Mr. Marcos, living in exile in Honolulu, chartered a Boeing 707 aircraft, and his wife, Imelda, reportedly bought \$2,000 worth of combat boots and fatigues in various sizes from a store in Waikiki.

Both military and pro-Marcos sources linked the former leader to the takeover of the television station, saying that the plan had apparently been for him to return and to make a broadcast to the nation.

The United States, tipped off by the Manila Government, upset his plans. American officials visited him in Honolulu, and Mr. Marcos later displayed a written instruction from them that he was not to leave for the Philippines. "What can I do, poor little me, who was your ally for so many years?" Mr. Marcos said. "I can only do whatever you tell me to do."

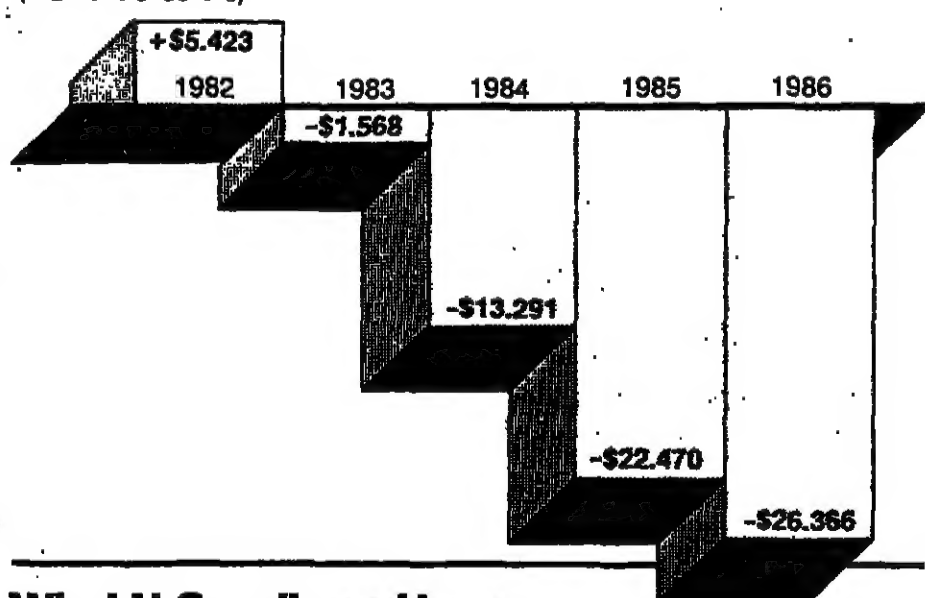
He appeared frail and stumbled over his words as he spoke, and, if nothing else, his falling health seemed to militate against his return.

But such is the power of Mr. Marcos's shadow in the Philippines that, even after his chartered aircraft was flown from Honolulu back to the United States mainland, troops in Manila remained on alert against his possible return.

A Last-Minute Deal With Europe Averts High Tariffs on Brandy and Cheeses

Trans-Atlantic trade

U.S. merchandise trade balance with European Community (in billions of dollars)



What U.S. sells and buys

Leading trade items between the U.S. and European Community in 1985 (in millions of dollars)

What U.S. sells to European Community	Value	What U.S. buys from European Community	Value
Aircraft	\$3,356	Autos	\$8,060
Computer and office machine parts	3,316	Crude petroleum	3,035
Computers	3,029	Organic chemicals	2,518
Measuring instruments	1,823	Alcoholic beverages	2,449
Internal combustion engines	1,634	Petroleum products	2,307
Coal	1,555	Aircraft	1,977
Oil seeds	1,433	Defense related items	1,672
Organic chemicals	1,320	Motor vehicle parts	1,642
Animal feed	1,034	Steel plates and sheets	1,398
Electronic components	1,029	Engine parts	1,215
Synthetic plastic resins	964	Jewelry	1,173
Drugs	961	Specialized industrial machinery	1,165

Source: Department of Commerce

Old Allies Still Talk of a Trade War

By JAMES M. MARKHAM

BRUSSELS
A BATTLE over trade between the United States and Western Europe was averted last week but the specter of a war was not banished. In a burst of telephone negotiations with Washington, European Community officials agreed to compensate American farmers for lost markets arising from import duties imposed when Spain joined the Common Market last year.

Aiming without saying so at France, an adamant defender of the Community's protectionist agricultural system, the Reagan Administration had threatened to slap prohibitive 200 percent duties on cheeses, brandy, white wines and other luxury items unless the United States was compensated for \$400 million in lost sorghum and corn sales. Amid muttering by the French and others about high-handed American tactics, Community negotiators also agreed to lower tariffs on a score of industrial products as part of the compromise package.

The 11th-hour deal prevented a tit-for-tat cycle of protectionist measures that could have quickly spread beyond the relatively minor \$400 million issue at hand. Both sides appreciated the larger stakes, which in ultimate terms had to do with world prosperity and the solidity of the Atlantic alliance. And, to an extent, both indulged in dramatic posturing and threats aimed at reassuring home constituencies that they were driving hard bargains. In the United States and France, this meant well-organized and highly disgruntled farm lobbies.

Last year saw a spate of such trade disputes, and 1987 will probably see more. The Americans and Europeans went to the mat last year over steel, citrus fruits and pasta. And looming are fights over the European Airbus, which the United States contends is unfairly subsidized, and American access to the West European telecommunications market.

"The United States and Europe are selling increasing surpluses to diminishing markets," warned J. William Mendenhall 2d, the outgoing American Ambassador to the European Community. "A trade war is fully possible. But if rational heads prevail, we'll have disputes and tough negotiations, but we'll work out our problems together."

In a number of Western European capitals, there is a growing sense that the overall economic relationship with the United States could become the dominant trans-Atlantic

foreign policy question for at least the next two years. Distracted and weakened by the Iran-contra affair, the Reagan Administration is perceived as lacking the energy to launch bold new initiatives, as President Reagan's State of the Union address last week suggested.

Yet Mr. Reagan's proclamation of a so-called "competitiveness initiative" had worried some overtones for the European Community countries. The initiative would broaden the definition of "unfair trade" and set deadlines for the settlement of international trade disputes. Washington also sought an extra \$200 million to counter foreign-subsidized export credits.

In Brussels, some experts are concerned that, while proclaiming his dedication to free trade principles, Mr. Reagan is slowly accommodating the moods of a protectionist-minded Congress and nation. Economists here argue that the trade disputes are symptomatic of the larger dislocations in the world economy resulting from the enormous American budget deficits, or from the narrowness of a United States tax base that cannot support the American Government's expenditures.

"Trade is being expected to do things that it just can't deliver on," said Peter Ludlow, the British director of the Center for European Policy Studies here. "All you've done is hold up one tank while the whole front is

crumbling around you."

The falling dollar promises new strains between the United States and its European allies. The slowness with which American exports have picked up abroad has sharpened protectionist sentiment in the United States. The European Community's 12 members are running a \$26 billion trade surplus with the United States, which contributes to the record American deficit of \$169.8 billion. But if the balance shifts, reinforcing the sharp drop in American imports registered in the December figures announced last week, the stimulus from external demand that has fueled the West European recovery of the last several years could go into reverse. European exports could sharply drop and unemployment, already high in Western Europe, could rise.

It would then be the Europeans' turn to complain — but possibly by then to an America stuck in domestic recession, some analysts suggest.

Economists and businessmen are not alone in this fear. Politicians are worried, too, perhaps nowhere more than in Bonn, which is resisting American appeals that it assume a "locomotive" role and stimulate the West German economy.

Against the backdrop of recriminations over the deteriorating world economic situation, other issues facing the alliance become far more difficult to manage. "It's one of the things that could make Congress even more unhappy with us," observed a senior official at NATO headquarters here. He is worried that a protectionist America could become one that questioned its military commitment to the alliance, which is symbolized by the presence in Europe of 350,000 American troops, and that is a faint dotted line, may connect a squabble over sorghum and brandy to a move to bring those G.I.'s home.

Japanese Autos

Running Into Heavy Traffic

ONE are the days when Americans snatched up Japanese cars almost as fast as they came into the showroom. Today, with the rapid run-up of the yen against the dollar, prices are climbing, inventories have been growing and profits have suffered. So, for many Japanese auto makers, the Tokyo Government's decision last week to continue its curbs on automobile exports to the United States for a seventh year was met with resignation, not irritation.

The quota will be 2.3 million cars, the same level as in the previous two years, Hajime Tamura, the Minister of International Trade and Industry, announced. The ministry feared that, without restraints, exports would have increased, exacerbating trade frictions.

"Considering that the Japanese economy is in a recession because of the strong yen and foreign cars are entering Japan, I am sure that the United States Congress and the United States auto industry will welcome this decision," he said.

His expectations are probably optimistic. Some American auto makers and the United Automobile Workers, pointing to the huge trade deficit with Japan, want stiffer limits. And the Democratic majority in Congress is resolved to pass trade legislation this year. It is argued that, while Japan floods other countries with its products, its markets are protected. And there is concern over the growing importance of Japanese-owned assembly plants in the United States.

India and Pakistan Rattled Sabers in Maneuvers Last Week

Aiding Your Neighbors' Enemies

By STEVEN R. WEISMAN

IN one of the world's worst-kept official secrets, Pakistan has for years harbored military bases of the guerrilla insurgency in neighboring Afghanistan. To Washington, Pakistan's role is part of an elemental conflict between "freedom fighters" and a Communist regime propped up by Moscow.

Less well-appreciated, perhaps, is the fact that Pakistan's actions are part of a historic pattern in South Asia, in which all the major countries in the region have let insurgents use their territory for subversion next door. Although they all deplore this, the practice is so common that it provides a significant explanation for the region's virtually perpetual conflict and distrust.

In Afghanistan, most Americans learned of the internal conflicts only in December 1979, when the first of 120,000 Soviet troops moved into Afghanistan to install a Communist Government in Kabul. But some of the Afghan guerrillas began their rebellion in 1973, shortly after the overthrow of King Zahir Shah by former Prime Minister Mohammed Daoud.

The guerrillas received initial support from Prime Minister Zulfikar Ali Bhutto of Pakistan, who was retaliating against what he determined was Afghan support for rebels in Baluchistan in western Pakistan. In any case, the Afghan insurgency spread as Kabul attempted to impose doctrinaire Communist programs. Now the feeling in Pakistan is that without Russian troops, the Communists would be overthrown in a matter of months or even weeks.

Remembering East Pakistan

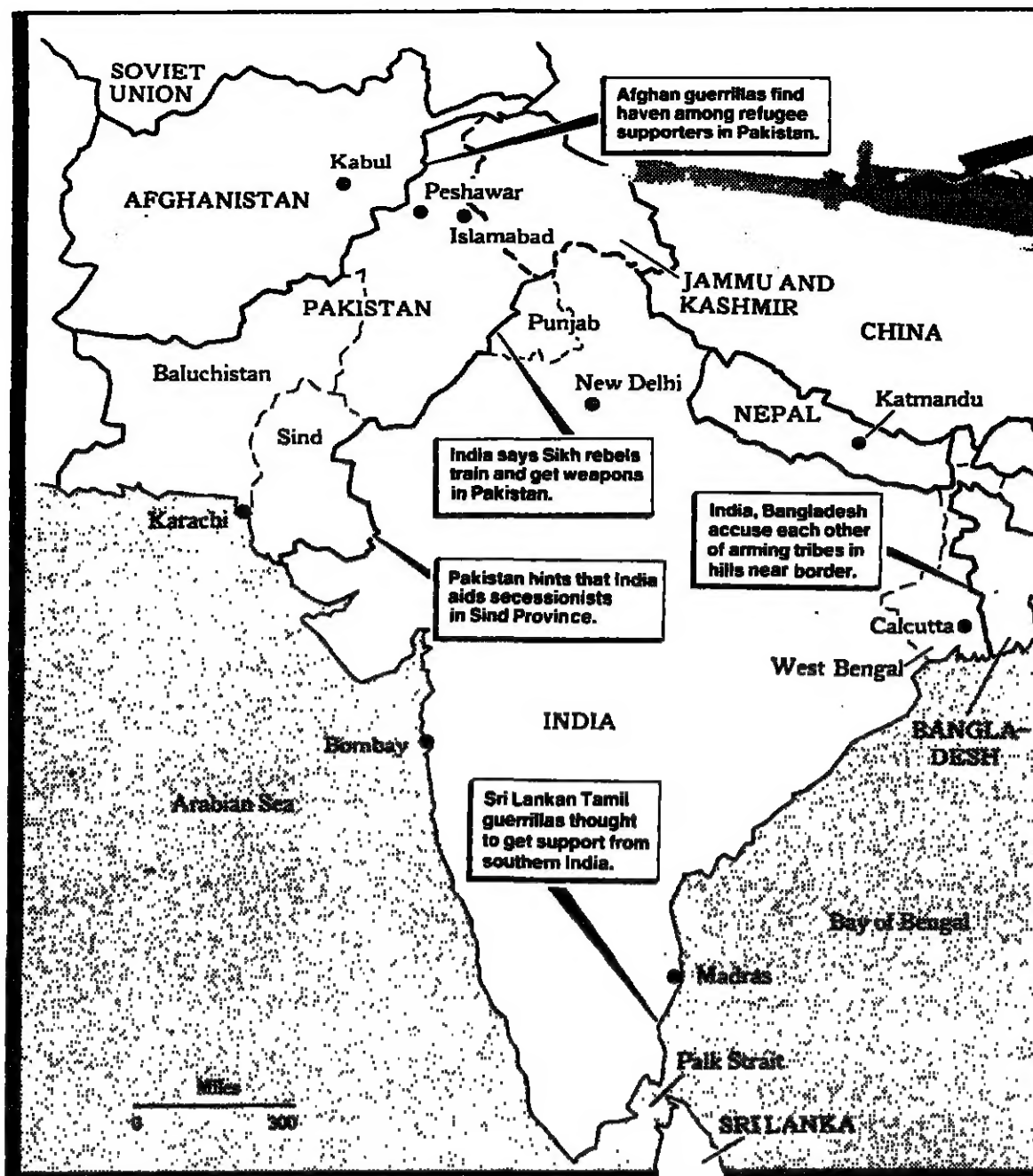
The region's other big source of distrust came alive again last week as India and Pakistan prepared unusually large military maneuvers near their border. Each said its own actions were routine and the other's were provocative. There was even talk of war, although both sides promised they would not start it. After three wars since independence in 1947, India and Pakistan appear to prefer peace, while quietly exploiting each other's internal difficulties.

A longstanding irritant is New Delhi's conviction that Pakistan has served as sanctuary, arms supply center and training base for Sikh extremists in northern India. India has offered confessions of captured Sikhs, which an American diplomat said was "evidence, but not convincing evidence" of Pakistan Government complicity. Pakistani leaders, meanwhile, acknowledge privately that Indian Sikhs do cross the border from the Indian state of Punjab and may be getting weapons in Pakistan. But they deny that Pakistan is training or encouraging them.

Pakistanis remember that in 1971, India assisted what was then East Pakistan to revolt and become the independent nation of Bangladesh. And Pakistan's leaders have contended that a "foreign hand" — namely, India's — is behind the secessionist violence in the Pakistani province of Sind, which also borders India. Indeed, Benazir Bhutto, the Pakistan opposition leader and the daughter of former Prime Minister Bhutto, warned last year that if Islamabad tried to play "the Sikh card" against India, New Delhi could easily play "the Sind card" against Pakistan.

A more obvious case of interference has been the attitude allowed ethnic Tamil guerrillas to use south India as a base for their insurgency in the nation of Sri Lanka. Prime Minister Rajiv Gandhi's denial that Tamil camps exist in his country was belied last year when India cracked down and seized huge stores of Tamil weapons, including surface-to-air missiles.

Elsewhere in the region, India and its eastern neighbor Bangladesh accuse each other of arming Chakma tribes who attack Bengalis living in hill



One of the Tamil guerrillas who are battling the Sri Lanka Government.

areas near their mutual border. And some Indian experts think Nepal has been assisting guerrillas, seeking an independent state for ethnic Gurkhas in north-eastern India, while Nepal accuses India of harboring anti-monarchist subversives responsible for bombings in Katmandu in 1985.

One explanation offered for the pattern of regional interference is that it is easier to engage in subversion by proxy than in open warfare. There are also internal political pressures. In the early 1980's, leaders of the 50 million Tamils in south India pressed Prime Minister Indira Gandhi to back the insurgency

in Sri Lanka. "Until 1983 or 1984, I don't think India realized that it could not play this game without it being played against itself," said Pran Chopra, visiting professor at the Center for Policy Research in New Delhi. Now that India faces insurgent movements in Punjab and other places, Prime Minister Rajiv Gandhi, Indira Gandhi's son, seems to have a different attitude. Also, as one consequence of harboring the Tamil guerrillas, India has been burdened with leading the Sri Lanka peace negotiations. Similarly, Pakistan may be drawn unwillingly into mediating between the Communists in Kabul and the Afghan

guerrillas in its territory.

The South Asian pattern of cross-border interference has been cited as one among a number of reasons for Moscow's wariness about the prospect of an unfriendly government's being installed in Afghanistan. In rejecting the Soviet cease-fire offer last month, the Afghan guerrilla leaders vowed not only to take power in Kabul but also to "liberate" the Moslem-dominated Soviet republics on Afghanistan's northern border. If Kabul were to fall into their hands, Moscow could almost certainly expect the Afghans to stir up similar rebellions in Soviet territory.

Kuanda's Bitter Pill

Economic Shocks Put Stable Zambia to Test

By SHEILA RULE

SINCE he came to power in 1964, President Kenneth D. Kaunda has been a resilient opponent of South African apartheid.

Zambia serves as the headquarters of the African National Congress, the exiled nationalist group that is fighting white minority rule in Pretoria. And Mr. Kaunda, the chairman of the so-called front-line states near South Africa, is a strong supporter of sanctions, insisting that political and moral obligations outweigh the hardships of South Africa's economic and military retaliation. Zambians, he contends, are prepared to go hungry in the struggle, even though their landlocked country has depended heavily on South Africa for trade.

The President can speak with some confidence. Zambia is the most politically stable nation in southern Africa. But recent riots in the northern copper mining region and other internal challenges suggest that the 62-year-old leader cannot count on the forbearance of all Zambians.

The economy is dependent on a slumping copper industry. Faced with pressure from the International Monetary Fund because of its debt burdens, "K.K." as President Kaunda is called, has swallowed the bitter pill of austerity. While the measures are seen as critical in reviving the crippled economy of a country that once had the highest per capita income in black-ruled Africa, the result has been soaring prices and widening discontent.

In December, at least 15 people died in riots after the price of maize meal, the country's staple food, rose 100 percent when the Government decided to stop subsidizing it. The violence spread to Lusaka, the capital, and President Kaunda reluctantly reintroduced the subsidies. "In the last 22 years," a member of Parliament said, "Zambia has helped liberate most of her neighbors, a majority of whom never even

appreciate her contribution. Our priority should be to quell riots at home."

Some Zambian and Western experts say that the austerity measures, riots and reversal on subsidies have hurt the national and international standing of Mr. Kaunda, Zambia's only leader since the former British colony became independent in 1964. But they believe that, with his acumen and force of personality, Mr. Kaunda will weather the long season of discontent.

A businessman from the copper belt who visited Lusaka recently said that anti-Government pamphlets were circulating in the region, calling on Zambians to rise up against Mr. Kaunda. But he doubted that many Zambians would heed the battle cry.

"Many may blame the President for our problems, but very few people want him to go," the businessman said. "Africans have traditionally been ruled by chiefs and, when things go wrong in Zambia, we are inclined to dismiss the counselors rather than throw out our chief."

"If Zambia had more than one party," he continued, "perhaps the President and his men would be run out of office by some better man, but, for now, K.K. is better than a lot of other African leaders."

Mr. Kaunda outlawed the opposition and created a one-party state in the early 1970's. He has repeatedly reshuffled his Government as a way to prevent officials from building independent power bases that could challenge his rule.

The President, a man given to tearful outbursts and whose omnipresent crisp handkerchief is called the "national rag," has also prevented the dominance of any of Zambia's tribes by balancing their representation in his Government. "Kaunda tolerates criticism of the Government in Parliament and the newspapers with good humor," said a Western political specialist here. "But he does not tolerate direct opposition. There is no one person you can point to as his opponent, and I don't know of any organized opposition in purely a political sense or in a more threatening way."



J.B. Pictures/Louise Gubb
Kenneth D. Kaunda

'Conservatives' Seen Resisting Deng's Reforms

Opposition Astir Over Economy In China

By EDWARD A. GARGAN

PROPELLED by the determination of its senior leader, Deng Xiaoping, China has struggled for the last eight years to energize an economy that had been flattened by the turmoil of the Cultural Revolution. Conventional socialist precepts about central planning, state control of factories, businesses and marketing, and the dominance of party bureaucrats were all challenged by Mr. Deng's insistence that China must adopt some Western economic strategies. Special economic zones have been created where red tape is slashed. Companies have been permitted to issue stocks or bonds to raise money. Cities have issued bonds in Japan to finance construction projects. And some managers have been empowered to hire and dismiss workers and dole out bonuses as incentives.

But with the abrupt shakeup of the Communist Party leadership and a propaganda onslaught against free-thinking intellectuals, doubts are emerging among foreign businessmen and economists as to whether Mr. Deng, who is 82 years old, can keep his reform program moving. It has also redirected attention to his role as the one man thought to be able to handle competing political factions in the party while reshaping the Government.

"The economy is already overheated," a Western embassy specialist said. "They had big growth last year, which strains the economy, and add to that, inflation figures larger than 6 percent. I'm sure that makes people restless. It creates room for the conservatives to step in and say, 'Hold it, slow down.'"

In the last two weeks, national newspapers have carried numerous articles urging a re-emphasis on centralized planning, the slow-



Workers at a Chinese cosmetics plant, a joint venture with Wella A.G. of West Germany.

ing of consumer spending and a return to the ethic of hard work and thrift — a retreat from the policies propounded by Mr. Deng and party aides known as "reformers."

Pushing the return to more socialist style economics have been a group of older party leaders, who, until recently, had been largely invisible. Often called "conservatives," they were clustered around the 82-year-old Chen Yun and the 84-year-old Peng Zhen, members of the Politburo who are thought to be more comfortable with the Soviet economic model initially imposed by Mao Zedong.

Doubts in Boardrooms

Last Thursday in a Chinese New Year speech, Prime Minister Zhao Ziyang sought to reassure the nation that basic economic policies would remain undisturbed. Nonetheless, for some Western businessmen, questions remained after the upheaval, which included the dismissal of Hu Yaobang as party chief, a clampdown on newspapers and the purging of dissident party intellectuals.

"It's been taken for granted in the West that China is a stable political place," said a Western adviser to foreign businesses. "Now there is a perception of instability. This doesn't mean that foreign investors will give up or pull out, but maybe scale back in some way." He and other businessmen and diplo-

mats asked that they not be quoted by name at a delicate moment when their dealings with the Chinese might be affected.

An American businessman with long experience here said that in China business was continuing largely as usual, but that in corporate headquarters in the United States the situation was being watched closely.

"Back in the boardroom, there were some people who always had doubts about the stability of the political environment," he said. "If this goes on, and there is more of a shakeup of leadership, those people are going to be even more convinced of their view. There are also those who are convinced that the leadership was stable and won't have any doubts. But if something happens to Deng, that would be one of the chief factors in deciding things."

Several Western businessmen cautioned that regardless of political uncertainties, any reduction in foreign investment would in large measure reflect last year's dismal performance. Officials said last week that direct foreign investment in China had fallen 48 percent last year from 1985, to \$3.3 billion. Westerners attributed much of the decline to what they called bureaucratic obstructionism such as delays in getting supplies, qualified employees and foreign exchange. "Most businessmen have anticipated 1987 as being a slow year, like last year, or even slower," said an American banker.

At China's leading economic newspaper, The Shanghai Economic Herald, which had been the principal source of news and opinion about the reform program, all the senior editors have been replaced. "This is a publication that really was a spokesman for the economic reformers," a Western businessman said. "They always took the lead in articles that were forward-thinking. With all the editors being canned, that doesn't bode well for economic reform."

Another Western banker said the political situation still seemed fluid. "I don't think trade will be affected," he said. "The Chinese are still going to keep buying. But if you're talking about joint ventures with foreign investors, that's where things are going to get dicey." In terms of management innovations, he added, a return to more orthodox socialist methods would discourage foreign investors.

"This is an opportunity for the Communist Party guys who have been shoved into the corner to come out, hold more meetings, obstruct bonuses," he said.

"It is an opportunity for these party people to reassert themselves. But how successful can they be when people have gotten a taste of the bonus system?"

The Nation

Senate Links Homeless Aid to Ban on Raises

The House and the Senate both voted last week to provide an immediate \$50 million to feed and shelter the homeless. But the Senate put the House on the spot: It added on an amendment to block a pay raise for top Federal officials, including members of Congress.

Given nationwide reports of packed shelters, the emergency aid for the homeless was something "nobody can resist voting for," said Senator Pete V. Domenici, Republican of New Mexico. He questioned whether the money was needed on an emergency basis, since the Federal Emergency Management Agency has not yet distributed most of the \$70 million for the homeless that was approved late last year. But Mr. Domenici did vote for the new aid, as did 76 other Senators and 296 Representatives.

The vote was even more lopsided, however, on the amendment to block the raises for legislators, Cabinet officers and Federal judges. Senator Strom Thurmond, a South Carolina Republican, argued that the salary increases should be out of the question until the Federal budget is balanced, and 86 Senators voted his way. Just seven agreed with President Reagan and the Senate leadership, who said that raises were overdue, especially for the judges, who are resigning at a record rate.

The House and Senate have little time to reconcile their differences. If no agreement is reached, the raises will go into effect automatically on Wednesday. With some Senators calling the amendment political posturing, there was much speculation that House leaders would simply let this happen. But according to the Associated Press, Speaker Jim Wright, a Texas Democrat, said Friday that the House was likely to go along and vote the raises down.

Ironically, Mr. Reagan recommended the raises under a 1985 law intended to insulate legislators from the political backlash that perennially attends their attempts to raise their own pay. The most recent raise was enacted a decade ago.

Chrysler to Drop Its 'Amerika' Ads

Even before ABC's mini-series "Amerika" had begun production, powerful foes were trying to keep it off the air. In 1985, the Kremlin warned ABC's Moscow bureau of possible reprisals if the show ran.

Earlier this year, United Nations officials criticized the seven-part series, which is scheduled to begin Feb. 15, for portraying corrupt international peacekeeping forces joining the K.G.B. in a takeover of the United States. A number of religious and disarmament organizations have also opposed the series, while Reed Irvine of the conservative group Accuracy in Media complained it made the Soviet occupiers seem too nice.

Perhaps the biggest blow came last week when the Chrysler Corporation decided that its commercials, keyed to the theme "The Pride is Back — Born in America," were inappropriate for a series about Soviet conquest. After viewing six hours of it, Chrysler's chairman, Lee A. Iacocca, decided to cancel about \$7 million worth of commercials.

Chrysler was the largest sponsor, but ABC officials vowed that the show would go on. Meanwhile, the Soviets, who have denounced "Amerika" as "psychological warfare," are offering to buy it for Soviet television, apparently as an example of American propaganda.

After Challenger, Hope and Trouble

For 73 seconds at 11:38 A.M. Wednesday, silence fell in classrooms and in National Aeronautics and Space Administration centers around the nation — a tribute to the brief flight of the space shuttle Challenger and the seven crew members who died when it exploded, just a year earlier.

Among other memorials was a "Letter to America" from the astro-

nauts' families, who expressed their hope that the nation would drive on into space. "If they were alive and could speak to all Americans," the letter said, "we believe the Challenger crew would say this: 'Do not fear risk. All exploration, all growth, is a calculated risk.'"

The space agency, too, was looking ahead, but with some anxiety. The first full-scale tests of redesigned booster rockets to replace those that set off the explosion will come next fall. Even before that, the agency faces crucial policy decisions on what its long-range goals should be: An elaborate space station? A permanent base on the moon? A manned trip to Mars? Or simply a limited shuttle service oriented toward military missions?

Roger Boisjoly, one of the Morton Thiokol engineers who fought the decision to launch a year ago, demanded redress for the past. He filed suit in Washington last week against Thiokol, the maker of the flawed booster rockets, seeking \$1.001 billion in punitive and compensatory damages. Mr. Boisjoly maintained he was disabled by depression because the shuttle was launched over his and others' objections and because his employer later demoted and sought to discredit him. He is also making a damage claim of \$10 million against the space agency.

Signals on 1988: Panel and Polls

In the strongest hint so far that he might run for President, Governor Cuomo last week named a panel of corporate chairmen, investment bankers, labor leaders and professors to advise him on the economy.

Their first goal, Mr. Cuomo said, would be to find ways to protect New York State against such national problems as unemployment, the foreign trade deficit and the Federal budget deficit. But, significantly, he said that his panel would also offer national policy proposals and that he believed the economic "crisis" would be the central issue in 1988.

Former Senator Gary Hart, who is much closer than Mr. Cuomo to announcing his candidacy for the Democratic nomination, presented a plan last week to improve American education from kindergarten to job retraining. Mr. Hart is the clear leader among Democratic voters, a recent New York Times/CBS News Poll found, and Mr. Cuomo is well ahead of the Rev. Jesse Jackson and other possible nominees.

Among Republican voters, the survey demonstrated dramatically what many politicians have been saying: that no Republican in America is more dependent on Mr. Reagan than Vice President Bush.

Among all Americans, the poll found, three out of five disapproved of Mr. Reagan's handling of foreign policy; four out of five Republicans supporting Senator Bob Dole of Kansas disapproved. Supporters of Mr. Bush were one of the few groups in the sample to approve of the way the President has dealt with foreign affairs. Mr. Dole's image of independence from the President extends to Democrats, among whom he is very popular.

Court Delineates Criminals' Rights

The Supreme Court last week turned to two issues central to the Reagan Administration's social agenda. But the actions made no clearer whether White House policymakers would find the ultimate outcome to their liking.

In two unrelated cases, the High Court overturned state court decisions favorable to criminal defendants, finding 7 to 2 in each that the state courts had given unduly broad readings to Miranda v. Arizona, the 1966 ruling that requires the police to inform criminal suspects of their rights to silence and to counsel during questioning. But in neither case did the Justices question Miranda's validity. They ruled only that the police need not tell a suspect in advance all the crimes about which he might be questioned and that they need not stop asking questions the instant a suspect asks for a lawyer before signing a written confession.

Validating prayer in the schools is another Reagan theme, and the Justices agreed last week to consider the constitutionality of New Jersey's "moment of silence" statute, which requires that one minute be set aside for "quiet and private contemplation and introspection." About 25 states, including New York and Connecticut, have adopted such laws at one time or another.

Two state legislatures are appealing a lower court ruling striking down the law as an unconstitutional establishment of religion because it had a thinly disguised purpose of facilitating prayer. In 1985, the Court reaffirmed its 1962 ban on organized school prayer, but a majority of the Justices suggested they would uphold "moment of silence" statutes if the laws did not promote praying.



Roger Boisjoly

Associated Press

Caroline Rand Hillen and Martha A. Miles

Democrats Prepare to Flex Their Muscles in Congress Next Week

The New York Times/CBS NEWS POLL

Worrisome signs for the Republicans

In the 1988 election for President, do you think you will probably vote for the Republican candidate or probably vote for the Democratic candidate?

	October 1986		January 1987		Democratic gain
	Republican	Democrat	Republican	Democrat	
All	33%	32%	27%	39%	+7%
By party					
Republican	73	2	64	8	+6
Democrat	4	68	3	72	+4
Independent	31	17	18	29	+12
By religion					
Protestant	33	31	29	38	+7
White Protestant	36	27	35	31	+4
Catholic	35	31	24	41	+10
By region					
Northeast	31	36	25	36	0
Middle West	35	31	28	42	+11
South	34	28	27	42	+14
West	33	33	32	33	0
Rating of Reagan's handling of his job					
Approve	46	17	46	19	+2
Disapprove	7	67	7	66	-1

Answers based on 1,490 registered voters interviewed by telephone Oct. 24-28, 1986 and 1,295 registered voters interviewed by telephone Jan. 18-21, 1987. For both polls, the margin of sampling error was plus or minus 3 percentage points.

G.O.P. Losing Control of the National Debate

By E. J. DIONNE Jr.

WASHINGTON
If Republicans in Congress seemed especially eager to stomp and cheer for President Reagan during his State of the Union Message last week, they had good reason. If Republicans are to salvage power, many of them believe, Mr. Reagan needs to salvage his Presidency.

Republican politicians have been anxious since last fall. As the loss of the Senate to the Democrats demonstrates, life was not easy for them even with Mr. Reagan's enormous popularity. It is nearly impossible without it. The Iran-Nicaragua mess has deprived them of their greatest asset: The sense that they were in control, that Ronald Reagan had gotten some respect for America in the world. With the loss of this intangible came an end to something more mea-

sure: control of the national political debate.

How much satisfaction must it have given Representative Thomas S. Foley of Washington, the House majority leader, to refer to Mr. Reagan's "tired" solutions. Republicans used to have a monopoly on that word as a description of what Democrats and liberals wanted to do. The Democrats who sat on their hands during Mr. Reagan's speech knew that he did little to take the initiative away from them with his generalities about new strategies to improve the nation's economic competitiveness, redesign the welfare system and protect people against catastrophic illness.

Some Reagan aides said the President did not have to give many specifics, only to restore confidence in his heartiness and sense of command. The fact is that the Administration is so divided on such matters as catastrophic health insurance that specifics were impossible anyway.

The Republicans' boosterish cheers and the

Democrats' stony response were widely taken as a sign of hot contention in the two years ahead. The events that followed showed that the conflict is not just partisan.

The tone of a White House meeting Thursday with the Congressional leadership was described by one participant as "very confrontational." But back on Capitol Hill, a Republican Senator, Alfonse D'Amato of New York, joined a Democratic one, Lawton Chiles of Florida, in shouting down an Administration official trying to defend proposed cuts in drug treatment programs. And lawmakers of both parties said they would introduce a measure that would force President Reagan to abide by the terms of an unratified strategic arms treaty he has vowed to veto. As for the clean-water bill that Mr. Reagan, in hang-tough style, vetoed Friday, it had passed almost unanimously in both houses. Override votes are scheduled for this week.

Still, what one Administration adviser said was also true: "The speech will shut up all those people who said that he was wiped out, couldn't think straight." A measure of the White House concern was the threat, evident throughout the State of the Union address, of the irrelevance of age. Richard Wirthlin, Mr. Reagan's poll taker, brought some people together to watch the speech, and they were pleased and relieved, he said. "He's back in charge," Mr. Wirthlin quoted them as saying.

Fickle Recruits

Republicans can only hope they represent a majority. For in all of the polling that has been done since the Iran affair began, one fact stands out: When President Reagan declines in popularity, the voters' inclination to back Republicans in 1988 declines too.

The surveys also demonstrated how fickle the new recruits to Republicanism can be.

The defectors were precisely the swing voters who were supposed to help build a new Republican majority: Catholics, low-income whites, especially Southerners, and self-described political independents, who are notorious for shifting with the political winds. Eddie Mahe, a Republican consultant, said the poll results demonstrate just how "insecure" the Reagan coalition is. "These people are just rolling and tumbling around out there," he said. "These are people who are close to us, but aren't comfortable yet with thinking of themselves as Republicans. So when things get a little tough, they jump ship."

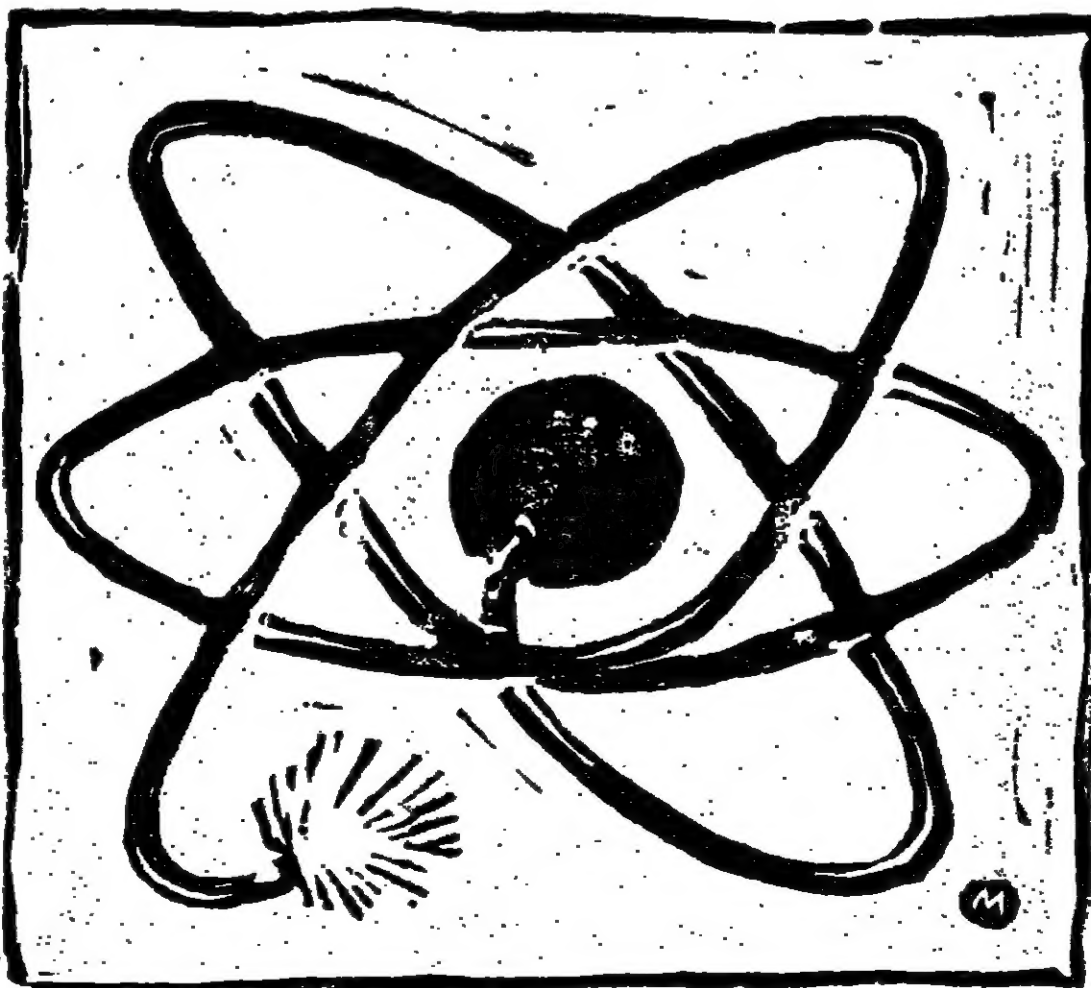
The President's supporters insist that he has begun to turn the corner. "No speech he could give would ever have convinced Congress or Washington," said Mr. Mahe. "But to voters out there, he was the Ronald Reagan they've always felt pretty good about."

But Mark Mellman, a Democratic poll taker, said that an indirect result of the Iran crisis could spell more trouble than the crisis itself. He was referring to the decay of public confidence in the future of the economy. "When people get a vague sense that the Government is out of control," he said, "they start worrying about where the economy is going, even if their own situations are fairly good."

Mr. Wirthlin said the economic jitters began even before the Iran affair and may have played a role in the Democratic Senate victories last fall. Whichever the case, the polls' economic finding adds to the Republicans' days of difficulty: Nothing destroys a reigning coalition like worries about economics. As Benjamin Franklin, whom Mr. Reagan evoked at such length in his State of the Union Address, noted, unemployment makes people "mutinous and quarrelsome."

Government Moves to Correct Pressing Problems at Its Weapons Plants

An Uneasy Feeling About a Reactor



Mark Maiche

By MATTHEW L. WALD

WASHINGTON
A TRENCH with a concrete roof stretches 3,000 feet into the scrubland around the N-Reactor on the Hanford nuclear reservation in Richland, Wash. In a major accident, water from the Columbia River would be pumped through the core and into the trench. Small amounts of radioactive water are dumped there routinely.

Like many practices at the Department of Energy's 280 nuclear facilities around the country, the trench is a relic of the early 1960's; it sits like an unkempt New Year's resolution, a bad habit the Government knows it probably ought to get rid of. At civilian nuclear plants such a primitive procedure for disposing of waste water is outlawed; radioactive contaminants are carefully filtered out of waste water, and even the filters

are buried in secure landfills.

Critics, including some nuclear experts and public officials, see the trench as typical of problems at the N-Reactor and at the other Energy Department facilities on the nuclear weapons production line. Elected officials have said that the department's track record does not give them confidence that it will do a good job on a more serious problem: finding a site and a system for the permanent storage of thousands of tons of radioactive waste from more than 100 civilian nuclear power plants. The department said last week that unless Congress objected, it would defer the opening of the site for five more years, until 2003.

In interviews in Washington, several high department officials maintained that there is a new push to clean up the Government's bomb-producing operations. Although most are not subject to the environmental laws that forced the private nuclear industry to spend hundreds of millions of

dollars to contain radioactivity within its plants, the department pledged last summer to bring its facilities into compliance "with the letter and the spirit of applicable environmental statutes."

"Things are better than they look," said Joseph F. Salgado, the Under Secretary of the department. From the 1985 fiscal year to this one, the budget for its environmental safety branch grew to \$62 million from \$38 million, and staff grew from 100 people to 165.

But in the short term, Mr. Salgado said, "realistically, we can't go out and clean up every mess we've made in 20 years."

The N-Reactor, which makes weapons-grade plutonium, was shut off Jan. 7 for a six-month, \$50-million project to correct its most pressing safety problems. After that, officials say, it can be operated only until the mid-1990's, partly because its blocks of graphite are growing, approaching the ceiling. As at the Soviet reactor at Chernobyl, the graphite, a form of carbon, surrounds the uranium that fuels the nuclear reaction; 23 years of radiation caused it to expand. However, the Reagan Administration budget for 1988 does not contain money for the modern heavy-water reactor that is to replace the N-Reactor in less than a decade. Although it will take years to design and build the replacement, the department says, it is too soon to start.

Debate Over the Trench

Replacing the trench is not on the list of safety modifications for the N-Reactor.

At Hanford, a 560-square-mile reservation in south-central Washington state, officials say the trench does no harm because no one drinks at the springs it has contaminated, and the fraction of radiation that escapes the reservation is highly diluted in the Columbia. The main hazard, guides tell visitors, is that rattlesnakes sunning themselves on the warm concrete roof sometimes attack workers who monitor radioactivity.

The head of the department's environmental safety program, Mary L. Walker, said the trench was not a pressing problem because it was "hydro-geologically sound." Officials question whether the cost of a new system — presumably the kind of waste-water treatment plant that exists at every civilian reactor — would be justified for the years that the N-Reactor has left.

According to one regional environmental group, however, its effect may be building up. The Hanford Education Action League recently issued a report saying that seepage of Strontium 90 into the Columbia had increased in 1985, even while discharges to the trench were decreasing.

Downstream in Portland, Ore., Representative Ron Wyden, a Democrat, favors having a different agency regulate safety in Energy Department facilities. "The defense plants are a text book case of the fox guarding the henhouse," he said. "The Department of Energy is the largest self-regulating enterprise in government today."

Jim Baker's Cagey Global Gamble

By LEONARD SILK

In a turbulent world economy still riven by national forces, Treasury Secretary James A. Baker 3d is striving to find a way to make the major industrial nations work together in their common interest — and, not incidentally, in the American interest as well.

The clash between national interests and world economics will be inescapable when the top financial officials of the Group of Five — the United States, Japan, West Germany, Britain and France — finally get together, possibly as early as next weekend, in an effort to quiet the upsurge in the foreign exchange markets.

There is irony in the ingrained pursuit of national interest in an increasingly integrated world economy. The Group of Five meeting itself, the latest in a series of such meetings, represents a forced recognition — forced by the inability of the five to control their own exchange rates and economies — that the unit for economic policy-making must be the world economy, not individual national economies, not even one so powerful as the United States.

Mr. Baker, the chief economic officer of the United States, appears to have accepted this principle, having

financial markets. Indeed, the stock market has had one of its biggest booms in history.

Last month, Mr. Baker and his team engineered a new burst of dollar devaluation, because the 40 percent decline up to Jan. 1 had failed to reduce the trade deficit noticeably. Largely against the wishes of America's industrial partners, the dollar this year has been pushed down 7.4 percent against the mark and 4.4 percent against the yen.

In a state of alarm about the climbing yen, which he feared was inflicting damage on the Japanese economy, Finance Minister Kiichi Miyazawa made an emergency trip to Washington two weeks ago, in an effort to persuade Mr. Baker to help stop the yen from rising further. And Karl Otto Pöhl, the president of the Bundesbank, West Germany's central bank, accused the United States of "playing with fire" in talking the dollar down and the mark up. Both the Germans and Japanese bitterly resent being pushed around by the Americans.

This holds as strongly in the area of trade as currencies. Last week, after the United States settled a dispute over grain exports with the European Community, with the Europeans yielding to an American threat of a 200 percent tariff, a European official



Treasury Secretary Baker, left, Kiichi Miyazawa and Gerd Stoltenberg, Japanese and German Finance Ministers

Helmut Kohl was re-elected by a lower plurality than he expected. A poor showing by the right-wing nationalists increases the likelihood that the Germans will stop being so heavy-handed and even arrogant in their resistance to the American approach to economic growth.

Secretary Baker is not going for quick, spectacular gains. Rather, he sees himself as pursuing something like Woody Hayes's football strategy at Ohio State — "three yards and a cloud of dust." The Plaza agreement in September 1985 was the first three yards, followed last March by a Group of Five coordinated reduction in central bank rates. A month later, there was a second round of discount-rate cuts by the G-5 minus Germany, and in May at the Tokyo economic summit the G-7 (the G-5 plus Canada and Italy) agreed to closer policy coordination. Last September there was G-7 agreement on multilateral surveillance, and in October came the Baker-Miyazawa agreement.

"These six steps," said Secretary Baker, "are only a start. We need to build on them while keeping our expectations within reasonable bounds." The next Group of Five or Group of Seven meeting, expected early this month, is more likely to produce not some magnificent break-

creasing demand has been to cut taxes, step up Government spending and enlarge the budget deficit.

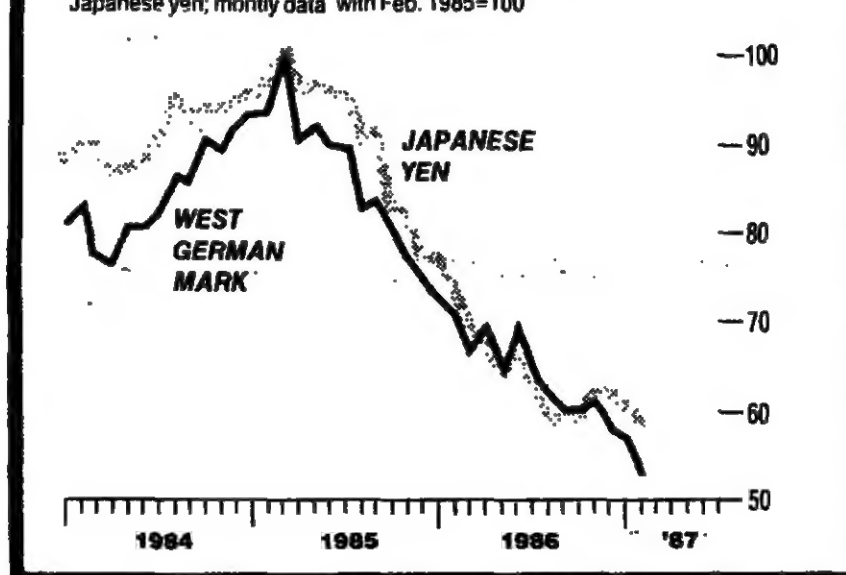
But the huge buildup of the American budget deficits and the total national debt of more than \$2 trillion make traditional solutions obsolete. With the United States so dependent on capital from abroad, it is difficult and even dangerous for the nation to escape its burdens simply by increasing total demand through still greater increases in public and private borrowing. The harvest could be heightened inflationary pressure, a slowing inflow or even an outflow of foreign capital, a decline in investment and further loss of international competitiveness.

What do these new conditions imply for economic policy? The greatest change appears to be that the unit for policy thinking must become the world economy rather than the national economy. The United States has been pushing in that direction, focusing its immediate efforts on a realignment of exchange rates, with the dollar moving down and the mark and the yen rising.

THE decline started in late February 1985, but the Plaza agreement fortified the decline — and strengthened the bull market in stocks and bonds around the world.

The Fall Against Two Major Currencies

Index of the dollar's value in West German marks and Japanese yen; monthly data with Feb. 1985=100



through, but another three yards and a cloud of dust.

However, if the American push bogs down and a cooperative spirit is lacking among the major industrial nations, a crack-up still could come, with severe political as well as economic consequences for the world. It was the absence of that spirit that produced the Depression half a century ago. While history never repeats itself exactly, there are enough similarities to that earlier economic disaster to suggest that the gods of inflation, depression and nationalism are still haunting the world economy — and could dominate it if international cooperation is missing.

The dangers to the increasingly integrated world economy stem from several sources. One threat is that the United States dollar, the world's key currency will go into a free fall. Fears of a collapsing dollar could cause capital flight from the United States, resulting in a lack of funds to finance the Federal budget deficit, the trade deficit and private investment. That, in turn, would mean climbing interest rates and a plummeting economy and stock market. Or, if the Federal Reserve sought to escape from the problem by, in effect, simply creating more money to replace the departing foreign capital, its action could bring on inflation that would further undermine the national currency.

Another danger is that the wide imbalances in trade — America's \$175 billion deficit last year and trade surpluses of \$80 and \$50 billion, respectively, for Japan and Germany — will set off a wave of protectionism and competitive devaluations. The resulting threats to national industries and to the jobs and incomes of workers and farmers could make nations adopt policies of autarky, or self-sufficiency, walling themselves off from foreign competition and capital flows in the hope of achieving economic survival. The last time this solution was tried, the fall in world trade only aggravated the Depression.

And if world trade should founder, the poor countries of the Third World, whose foreign obligations have climbed above \$900 billion, might default on their enormous foreign debts. That would inflict a heavy blow on the biggest Western banks and endanger the world financial system.

Until the early 1980's, the orthodox, Keynesian solution for a nation's problems of insufficient growth, overcapacity and unemployment has been for the Government to increase the demand for the goods and services that a nation has the capacity to produce. The prescription for in-

The dollar's fall continued into 1986, but after the middle of the year Japan and West Germany resisted further depreciation, fearing loss of export markets. The United States urged both countries, if they wished to avoid further dollar depreciation, to use fiscal and monetary policy, especially tax reform and lower interest rates, to spur the growth of their own economies.

Japan and the Europeans insisted, however, that the problems of global imbalance and stagnation were the Americans' fault, a consequence of the Reagan Administration's huge and continuous budget deficits. They contended that the United States had failed to deliver on its part of the Plaza agreement — bringing down the budget deficit as the Europeans and Japanese accepted depreciation of the dollar.

President Reagan has, at least rhetorically, accepted the gravity of the budget deficit; in his State of the Union message he called the deficit "outrageous," drawing an uproar, if somewhat mocking and comic response from the Democrats, who seek to hold him responsible.

In briefing reporters on the new Economic Report of the President last Thursday, Beryl W. Sprinkel, chairman of the Council of Economic Advisors, accepted the European and Japanese view; he said the Federal budget deficit and the trade deficit were "two very important problems" that were linked.

Mr. Baker's effort to persuade the others to go along with the American approach has been reinforced by the latent threat of American protectionism. Foreigners know that Mr. Reagan, politically weakened by the Iran-contra affair, could have more trouble in staving off protectionist legislation from the 100th Congress. Legislators, however, appear to be looking for ways to avoid naked protectionism, whether through "market-opening" approaches and a productivity-based "competitiveness" campaign.

These are extremely difficult tasks but the United States, even with its weakened economic position in the world, seems determined to work at their solutions.

The most important aim of economic cooperation in the year ahead will be to keep the world economy moving forward. For within a pattern of growth the serious problems of world debt, trade and currency imbalances can be contained, and progress can be made toward their solution.

The Economy

WEEK IN BUSINESS

The turmoil in the stock markets eased a bit, although wild trading, weird gyrations and unchecked program trading became commonplace in another chaotic week. After the 115-point swing of Jan. 23, the Dow Jones industrials settled down, but not before jumping 43.17 points on Tuesday. The Dow hit a record of 2,163.39 before settling back to end the week at 2,158.04, a gain of 56.52. The credit markets have not been caught up in the frenzy, taking a cue instead from the nervous currency markets. Rates rose a bit in uneasy trading.

The market craziness has raised the concerns of regulators who fear that it has gotten out of hand. But traders are excited, saying the roaring rally is a sign of optimism that is sustained by economic developments elsewhere.

A sweeping overhaul of the American financial system was proposed by E. Gerald Corrigan, the president of the New York Fed. Among other things, Mr. Corrigan, pictured, proposed that the banks be allowed a

wide range of securities activities and that securities firms gain limited access to Fed electronic transfer systems and the discount window. But securities firms would be limited in their access to banking powers. Mr. Corrigan said the revamping is needed to allow American financial companies to compete in world financial markets, but securities firms and some banking companies say the new regulations are not needed.

The dollar steadied a bit against the yen but barely held its own against other currencies as the Japanese central bank apparently intervened. The dollar hit a seven-year low against the mark before surging after better-than-expected trade figures were released. The Group of Five may be meeting soon to try to find a way to stop the free-for-all in the currency markets, but that meeting could be jeopardized if an agenda — including probable action — cannot be worked out beforehand. The Administration is maintaining silence on what a good level for the dollar is, although Treasury Secretary James A. Baker 3d is hinting that the low dollar is good for the American economy.

A trade agreement between the United States and the European Community could help trans-Atlantic tensions. The agreement, which ends a dispute over exports of American grain to Spain, allows increased shipments of the grain to Spain, and reduces Community tariffs on a number of American exports.

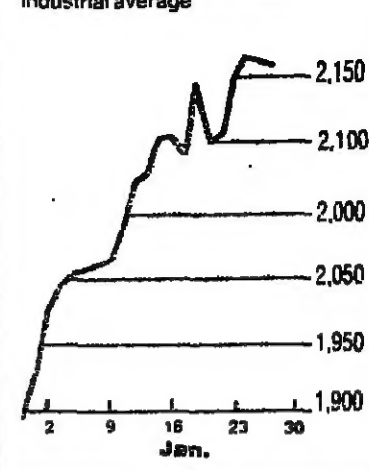
A new round of trade talks is to begin later this month under an agreement by the GATT nations.

Total durable goods orders rose nine-tenths of 1 percent in December, but civilian orders surged 6.9 percent. Although that encouraged many economists, others pointed out that the increase, the best in four years, may have been caused by restocking after consumers bought big-ticket items to take advantage of the sales-tax deduction. The trade deficit narrowed in December, to \$10.7 billion, as exports have increased with the drop in the dollar. Imports have not been dropping, but they are more expensive, and that helps the gap.

A.T.&T. lost \$1.17 billion in the

The Dow's Big Month

Daily close in the Dow Jones industrial average



fourth quarter after a \$3.2 billion charge connected with layoffs and consolidations. ... USX lost \$1.41 billion because of costs associated with its long strike, write-offs on steel operations and restructuring. ... Merrill Lynch net soared to \$182.2 million on the crest of the market.

T.W.A. had net income of \$85 million on a \$135.6 million special gain. ... Union Carbide lost \$495 million in the quarter because of special charges. ... Texaco's net dropped \$3.7 percent, to \$50 million, Exxon's fell 18 percent, to \$1.5 billion, and Amoco fell 57.7 percent, to \$175 million. ... McDonnell Douglas slipped 2.3 percent, to \$92.6 million.

I.B.M. introduced six new models of mainframes, including its most powerful, in an attempt at helping its lagging sales. The machines allow companies to add power without having to redesign their systems.

Norfolk Southern may want to buy Piedmont Aviation, a deal that would be the first between a railroad and an airline but one that puzzles analysts. Norfolk would gain little strategic advantage by acquiring an airline, analysts said. Others note that Norfolk already owns a big block of Piedmont, and may be trying to drive up the stock price to reap a bigger profit.

United is laying off about 1,000 workers, mostly in management, in an attempt to stem its losses.

A new round of fare wars appeared to begin as Texas Air cut fares on selected Continental routes and Eastern matched them. But the new fares have a big caveat — the tickets are nonrefundable in an attempt to improve occupancy rates.

An antitrust exemption for airlines is possible if it would help reduce airport delays, Transportation Secretary Elizabeth Hanford Dole said.

Michael Davidoff, formerly Ivan F. Boesky's head trader, pleaded guilty to bogus stock transactions and is cooperating with Government investigations of Mr. Boesky.

Carl C. Icahn turned down USX's offer to sell back his stake, and instead probably will continue to pressure management to restructure.

Miscellaneous. Japan maintained its quotas on auto exports. ... Walt Disney plans to sell the real estate assets of its Arvida unit for \$400 million. ... General Cinema bought 8.3 percent of Cadbury Schweppes, but Cadbury isn't happy about it. ... H. Ross Perot is investing in Next, the company Steven Jobs founded after leaving Apple. ... BankAmerica wants to issue \$1 billion in securities as part of its fight against a bid from First Interstate. MERRILL PERLMAN

THE DECLINE: A CHRONOLOGY

Jan. 17, 1985 — With the dollar rising, Treasury Secretary Donald T. Regan says the United States will intervene in currency markets, acting jointly with other nations to force the dollar down.

Jan. 21 — Western nations begin selling dollars from their reserves to halt its sharp rise.

Late February — The dollar hits its peak of 263 yen and 3.44 West German marks.

March 1 — With imports rising sharply, President Reagan officially backs intervention in the currency markets as a means of reining in the dollar. Soon after the announcement, the dollar begins the decline that has continued to this day.

Sept. 22 — At the Plaza Hotel in New York, the United States, Britain, France, Japan and West Germany agree to work in concert to drive down the dollar. Although the group takes no specific actions and announces no numerical targets, the threat of intervention spurs widespread dollar selling.

Feb. 20, 1986 — With the dollar down about 30 percent since the Plaza meeting, Paul A. Volcker, the Federal Reserve Board chairman, states in Congressional testimony that the dollar has dropped enough and expresses concern that a protracted decline may undermine confidence in the currency.

March 25 — Japanese Prime Minister Yasuhiro Nakasone attempts to talk down the value of the yen and threatens intervention, but traders continue to drive down the dollar.

Oct. 31 — At a Washington meeting, Treasury Secretary James A. Baker 3d and Japanese Finance Minister Kiichi Miyazawa reportedly agree that the dollar should not sink lower

than approximately 155 yen. Japan says it will stimulate its economy and cut its discount rate to a post-war low of 3 percent. The dollar rises sharply on news of the agreement.

November — The United States' monthly trade deficit rises to a record of \$19.2 billion. Though later revised downward, the data are taken as a sign that the declining dollar has not yet achieved the long-awaited improvement in the nation's balance of trade.

Jan. 11, 1987 — Turbulence in European currency markets, caused in part by a weak dollar, prompts the seven nations of the European Monetary System to realign their currencies.

Jan. 14 — Facing intense political pressure to curb the trade deficit, the Administration leaks word that it wants the dollar to decline further.

Jan. 16 — The dollar has lost 3.7 percent of its value against the mark and 2.6 percent against the yen in one week, despite heavy intervention by the Bundesbank and the Central Bank of Japan.

Jan. 20 — Japan's Mr. Miyazawa flies to Washington to talk with Treasury Secretary Baker, hoping to get his help in arresting the dollar's slide. Mr. Baker refuses to make any firm pledges, and the dollar continues its decline.

Jan. 21 — The dollar falls further, despite a discount-rate cut by West Germany, and ends the week at 153.75 yen and 1.8325 marks.

Jan. 30 — The United States reports that its trade deficit narrowed to \$10.8 billion in December, its lowest level since March 1935.

AUDREY D. GRUMHAUS

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JANUARY 30, 1987

(Consolidated)

Company	Sales	Last	Net Chng
AT&T	17,190,300	24 1/2	- 1 3/4
SouthCo	12,317,300	27 1/4	...
Union Carb	11,614,400	25 1/2	+ 1 1/4
GenMotors	10,314,900	75 1/2	+ 5 1/2
IBM	9,901,200	128 3/4	+ 2 1/4
HewlettPak	8,641,600	50 1/2	+ 1 1/2
RJR Nab	8,083,100	62 1/2	+ 4 1/4
Philip Morris	7,440,000	88 1/2	+ 7 1/4
Navistar	7,288,300	15 1/2	+ 1 1/2
MidSouthU	6,577,800	16 1/2	+ 3/4
Mer Lynch	6,501,000	43 1/2	+ 2 1/2
AZP	6,353,800	30 1/2	+ 1/4
Ahms	6,298,800	23 1/2	+ 1 1/4
Swi For	6,204,000	31 1/2	+ 8 1/4
Salomon	6,082,100	37 1/2	...

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,181	768	2,186	275	27
1,118	867	2,206	411	27

VOLUME

Same Per. 1986	Same Per. 1985	Year To Date
695,576,280	731,246,970	4,040,801,618
2,875,184,761

WEEK'S MARKET AVERAGES

High	Low	Last	Change
184.0	178.3	182.7	+3.47
131.3	127.2	128.8	+0.78
80.5	79.0	79.6	-0.09
156.1	153.4	154.6	+0.27
157.3	152.9	156.1	+2.08

Standard & Poor's

400 Indust	311.1	300.2	306.3	+5.57
20 Transp	219.2	210.9	213.1	-1.76
40 Utils	124.6	121.2	122.7	+0.44
40 Financial	30.0	29.2	29.6	+0.03
500 Stocks	276.8	267.7	274.0	+3.98

Dow Jones

30 Indust	2153.3	2079.7	2158.0	+56.52
20 Transp	902.8	856.8	874.8	+5.69
15 Utils	227.2	221.6	224.7	+0.64
65 Comb	338.1	298.8	322.1	+13.60

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JAN. 30, 1987

(Consolidated)

Company	Sales	Last	Net Chng
HomeShop	3,480,100	38	- 2
Wicks	3,469,200	4	- 1/4
Turner Bd Pl	3,316,700	10	+ 1/4
LorimarTel	2,581,200	16 1/2	- 1 1/4
TexasAirCo	2,551,800	45 1/2	+ 3 1/4
Amdahl	2,144,100	30 1/2	+ 2 1/2
WestDigital	1,602,800	25	+ 2 1/2
BAT Ind	1,562,800	7 3/4	+ 3 1/4
WangLabB	1,324,300	13 1/2	...
AM Ind	1,280,400	7 1/2	...

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
430	360	130	65	18
323	447	152	88	20

VOLUME

Same Per. 1986	Same Per. 1985	Year To Date
84,113,780	55,751,306	309,858,695
244,328,750

The New York Times

Founded in 1851

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Letters

While We Talk, SALT II Beats No Treaty at All

To the Editor:

In attacking members of Congress who would revive the second strategic arms limitation treaty (Op-Ed, Jan. 16), Bob Dole, the Senate's minority leader, has invoked the image of Dr. Frankenstein's monster. But when all Senator Dole's invective is digested, the fictional character who comes first to mind is Pinocchio.

Senator Dole resurrects lies and half-truths promulgated over years by die-hard Soviet-bashers and opponents of arms control in any form. In so doing, he distorts the intent and record of SALT II, and ignores ample evidence, including inconvenient testimony by Reagan Administration officials, of Soviet compliance with arms control treaties.

Among the many whoppers: that President Reagan "gave the Soviets chance after chance to correct their longstanding, serious violations." But "Moscow turned a deaf ear." The Reagan Administration refused to make use of the Standing Consultative Commission, created to resolve questions of treaty compliance, preferring to deal with any such question by bombast and accusation. Rather than turn a deaf ear, Moscow tried to revive the commission. In response, Defense Secretary Caspar Weinberger ridiculed the commission as "an Orwellian memory hole into which our concerns have been dumped like yesterday's trash," and ordered Gen. Richard Ellis, the U.S. commissioner, to use the commission solely as a forum to accuse the Russians of violating SALT.

Senator Dole deceives the Russians!

"Long record of cheating on SALT II and every other arms control agreement," ignoring advice from the Central Intelligence Agency and many other experts. Gen. John T. Chai, for example (now commander of the Strategic Air Command), testified in 1985 that "they have complied with the large majority of the treaties."

Senator Dole scoffs that over the next few years the Russians could add 5,000 to 6,000 new warheads under SALT II. While that figure appears grossly inflated, it is true that SALT II has not stopped either the United States or the Soviet Union from adding some nuclear warheads. But without SALT II, according to C.I.A. testimony, the Russians could add as many as 10,000 nuclear warheads by 1990.

He ignores the benefits SALT II gives us in requiring the Russians to dismantle old weapons when they deploy new ones (to stay within SALT limits, the Russians have dismantled over 1,000 intercontinental ballistic missiles and 200 submarine missile launchers, for example) and, even more important, the enormous benefit we gain from SALT prohibitions on interference with satellite reconnaissance and other means of keeping an eye on the Soviet Union.

Does Senator Dole really prefer a Soviet Union unconstrained by any limits on strategic offensive forces, able to blind our satellites with impunity, to keeping an imperfect treaty while our negotiators try to work out a better one? It's no wonder that the Joint Chiefs of Staff testified in favor

of SALT II when it was submitted to the Senate and that so many other military leaders see that we are better off with SALT II than without it.

Senator Dole declares we'd be handing Moscow a victory on a silver platter if we resurrect SALT; we're handing ourselves a major defeat if we don't.

THOMAS A. HALSTED
Manchester, Mass., Jan. 19, 1987

The writer was director of public affairs, United States Arms Control and Disarmament Agency, 1977-81.

Cut Nuclear-Test Funds

To the Editor:

Every American President since Dwight D. Eisenhower has produced at least one arms control agreement; President Reagan has produced none, nor is one in sight.

The director of the Arms Control and Disarmament Agency, Kenneth Adelman, argues (Op-Ed, Jan. 19) that six years of inaction is but prologue; the next two years will be crowned with success. Trust us, he says. But if the U.S. negotiating team carries to Geneva the same illogic that Mr. Adelman exhibits, it is a mission doomed to failure.

A formula that combines deep cuts in Soviet offensive missiles with American deployment of a defensive system ("Star Wars") is a package destined to go nowhere. Our Secretary of State, our Secretary of Defense, our top negotiators — even President Reagan himself — have tried their best to sell this flawed concept to the Russians. Soviet leaders have repeatedly turned it down, not because they don't understand it, but because they understand it too well.

President Reagan is content to engage in two more years of polite conversation in Geneva so his aerospace warriors can develop "Star Wars" to the point where it is politically unstoppable. Given this prospect of further stalling at the conference table, it is up to Congress to take leadership by cutting off funds for nuclear testing. This simple initiative would at once slow the arms race, set back the "Star Wars" project and send to the White House a powerful signal of public impatience with Presidential inaction.

ROBERT A. CLELAND
Wilmette, Ill., Jan. 20, 1987

Trident II Dangers

To the Editor:

Your otherwise excellent "Last Chance in Geneva" (editorial, Jan. 15) was marred by the assertion that new submarine-launched missiles should be exempt from arms control bans. This is wrong in its view of the strategic balance and dubious assumptions about nuclear stability.

No proposal that favors sea-based missiles can be the basis for a realistic agreement, because the United States and the Soviet Union hold their forces in opposite ways. Soviet forces are primarily in land-based missiles; U.S. forces are two-thirds in submarines and bombers.

More important is the fallacy that submarine-based missiles are stabilizing, second-strike weapons. This is precisely not true of the new Trident II, D-5 missile, being tested and scheduled for deployment beginning in 1989. Unlike some submarine-launched missiles, Trident II is the ultimate first-strike weapon, with accuracy and power comparable to the MX.

In some ways, Trident II is even more destabilizing than the MX. Submarines can hide anywhere in the ocean; this taxes the Soviet early-warning system, which won't be able to predict the direction of a possible attack. The chances for confusion, and accidental nuclear war, are increased. Submarines can also move close to the Soviet coast, reducing warning time to virtually zero. This will press the Russians to adopt a fully computerized, hair-trigger launch policy with their missiles to use them, rather than lose them.

Trident II cannot be exempt from arms control any more than "Star Wars." Both are among its central threats.

DAVID KEPPEL
Essex, Conn., Jan. 16, 1987

The writer is a former member of the Nuclear Weapons Freeze Campaign strategy committee.

Can't Doctors Agree on Their Stories?

To the Editor:

The public is bombarded by reports of dangers and boons to health. Recently, we have had physicians' opinions and research results that run counter to information given before:

- Creases in ear lobes do not, after all, serve as a predictor of coronary artery disease (they seem to occur at about the same rate randomly).

- Vitamin E, and selected other vitamins, do or do not help when taken in high doses (one physician of my acquaintance swears by his daily dose of 400 units of E, while another writes articles decrying it).

- Caffeine may not, after all, be significantly associated with incidence of breast cancer.

- Fish oils may, after all, pose more dangers than advantages for one's health (whatever the density, should the body ingest all that extra oil?).

On and on. Doctors of medicine, biology, chemistry, like other citizens, have a right to speak out freely. And there are great dangers in holding back on legitimate research results. Still, should there not be an effort by the medical profession to establish a clearinghouse on health findings?

Such a clearinghouse could coordinate information given to the public



and cut down on confusion. Little good is gained in disseminating results of research when some in the intended audience have simply learned to disregard all published statements on the subject. Premature publication of hasty research or ill-considered conclusions might thus be minimized.

GEORGE HILL LEONARD
Rockville, Md., Jan. 23, 1987

The writer was with the U.S. Public Health Service for 23 years.

Baryshnikov's Choice

To the Editor:

The invitation to Mikhail Baryshnikov to dance for the Bolshoi Ballet in Moscow (front page, Jan. 20) presents him with a dilemma.

By accepting the call to return, he will help Mikhail S. Gorbachev to portray himself as an enlightened and liberal ruler while scores of dissidents languish in his prisons, and Jews remain subject to emigration curbs. By rejecting the offer, he denies himself a visit to his homeland and misses a historic opportunity to contribute to the liberalization that seems to be brewing there.

The way out is to accept and to use the occasion to publicize the plight of less fortunate compatriots. If Mr. Baryshnikov, on arrival, were to call for political amnesty and freedom of emigration, as Andrei Sakharov did in December, his appearance at the Bolshoi would be not only a score in Mr. Gorbachev's public-relations offensive but also a milestone in advancing Soviet liberty.

ALEX GOLDFARB
New York, Jan. 24, 1987

Child Accounts

To the Editor:

Deborah Perkins's letter (Jan. 18) overlooks an important point that to my knowledge has not been tested at law, namely, that misuse of child-support money by the recipient parent constitutes violation of the constitutional due-process amendment.

When a court orders the payment of child support, the court at the same time should act to hold recipient parents accountable, which they never or rarely do. Accountability could be achieved easily, however, by requiring the support money to go into a special checking account against which the recipient parent would draw checks. Each check, moreover, would have to carry an indication of what it is paying for.

And as for any money that accumulated in the account, it would become the property of the child when he or she reached the age of majority.

DONALD J. MIDDLEMAN
Executive Director
Fathers' and Children's Equality
Drexel Hill, Pa., Jan. 20, 1987

Parental Leave Would Cripple Small and Medium-Size Businesses

To the Editor:

In a "Talking Business" interview (Business Day, Jan. 20), Representative Patricia Schroeder reveals a shocking naïveté about the relationship between benefits and jobs in the United States economy.

In the space of that brief interview, employee benefits (parental leave, medical leave), voluntarily negotiated, became "family rights"; and instead of being considered part of a fringe-benefit package, they became a "minimum labor standard." If Ms. Schroeder and her colleagues have their way, "family rights" will preempt the economic discretion of the employer and supplant bargaining between employee and employer.

Small and medium-size business will be the target of this campaign to mandate employee benefits because, Ms. Schroeder explains: "Most major corporations, the real biggies, already provide for much of this. But the majority of the people out there don't work for the Fortune 500."

But the Fortune 500 do not provide most of the new jobs in the United

States either. Smaller, entrepreneurial businesses do. And mandating "family rights" as a "minimum labor standard" will cause those smaller companies severe economic hardship and inhibit job creation.

Smaller employers surveyed by the National Federation of Independent Business said the cost of health insurance is their No. 1 problem in doing business today. Legislating new benefits will only add to their burden.

Small companies cannot operate efficiently — cost-effectively — while tolerating vacancies among limited numbers of employees. Nor can smaller companies afford the cost of retraining employees to fill temporary vacancies or the expense of making room for employees who return after an absence of several months.

The Supreme Court decision on which your interview was based affirmed a California law requiring employers to grant job protection to workers disabled by pregnancy. It is a narrow ruling limited to the constitutionality of that California statute. It does not direct that "family rights" become part of every contract or compact between employer and employee.

Small and medium-size businesses must retain the flexibility to make such arrangements independent of government. The alternative could be fewer small companies and fewer jobs.

JOHN SLOAN JR.
San Mateo, Calif., Jan. 21, 1987

The writer is president and chief executive officer of the National Federation of Independent Business.

Two Communisms, One Crossroad

It is a spectacle of rare proportions. The 20th century's two greatest experiments in government are consumed by inward struggle. Soviet and Chinese leaders have decided that their nations cannot move forward without moving, in some ways, toward the capitalist economies rejected by their revolutions and without embracing some elements of freedom. But how much and what sort of movement can their Communist systems take without revolution or reaction?

The Soviet system that Mikhail Gorbachev hopes to reform has been around almost twice as long as the Chinese brand. Stalin implanted it more brutally and firmly than did the Chinese, who worried over their grafted version almost from the start. Also, China has a tradition of activism among students and other elites.

Russian-style dissent seems more individual. The experience of the rehabilitated Deng Xiaoping and others in the Cultural Revolution taught them firsthand the evils of arbitrary authority. Russians with such memories have not made it back to power.

Mr. Deng began his reforms in 1978. The centrality of agriculture in China gave him a natural starting point. Dramatic success in that sector launched him well into reform — and its attendant problems. When economic movement began to jar the system, talk turned to reforming the bureaucracy. When this debate went public, the reformers soared to grander goals: free speech, a free press, more open elections. Then, last month, the students took to the streets, and Mr. Deng cracked down.

Mr. Gorbachev, meanwhile, has been in office less than two years and has spent much of his

energy just trying to rouse a torpid society to the severity of Soviet problems. His forays against the K.G.B., and now against sluggishness in the party itself, demonstrate the extremes to which he feels it necessary to go to ignite reforms.

The impetus for reform in both countries comes almost exclusively from the top. Workers cherish their security, managers the simplicity of the old controls, bureaucrats and party members their power. Can reforms be carried out against these entrenched groups, or without them? For now, Mr. Gorbachev finds allies among intellectuals. Mr. Deng did too, until they leaped ahead of him. His response and that of Zhao Ziyang, the new party leader, is to try the path of reforms with limited purges of radicals.

At the age of 82, Mr. Deng nears the end of his rule, and experts ask whether reforms can outlast him. Mr. Gorbachev at 56 has barely begun. He seems to have all of Mr. Deng's energy and vision, but perhaps not his guile. Perhaps also, Russian society will prove more resistant to change than China's. Certainly its multi-ethnic nature makes decentralization look even riskier.

Mr. Deng, confronted by demands for more freedoms more quickly, has just pulled back. Mr. Gorbachev, confronted by inertia, pushes boldly forward. The general loosening of controls that each has chosen elicits sympathy in the West. Beyond that, outsiders can do little to influence these remarkable endeavors that, win or lose, will do so much to shape the world.

firmation might have helped alert the Administration to Israel's own interest in promoting arms shipments.

But Mr. McFarlane had already cut the National Security Council off from Secretary of State George Shultz's advice that Israel's interest did not coincide with ours. And after approving a mission to Israel by Michael Ledeen, a Security Council consultant, he apparently gave Mr. Shultz erroneous assurances that Mr. Ledeen had acted "on his own hook."

Nor was the State Department entirely a victim of deception. As recently as last November, Assistant Secretary of State Elliott Abrams withheld from the committee the information that he had solicited contra money from foreign countries.

And so the deceptions multiplied. They still litter the path of the Congressional investigating committees as they try to trace missing millions of dollars and reconstruct numerous White House meetings involving the President, chief of staff Donald Regan and Lieut. Col. Oliver North.

Meanwhile, President Reagan takes the strange position that he can't speak out publicly while the investigators are trying to find out what he knew. How did the President, so fierce in his feelings about Iran and about bending to terror, come to betray his own principles? The layers of lies make the answers seem distant.

Layers of Lies on Iran

Those who mired America in the Iran-contra arms affair deceived the public, Congress, each other and themselves. That much is established by the Senate Intelligence Committee's new report. Judging from the roseate White House reaction, the self-deception continues. The President is pleased that the report "is consistent with" his claim that the Iran deal was a statesmanlike initiative "from its inception" and confirms his unawareness that munitions deal profits were diverted to the Nicaragua rebels.

The report, a prelude to deeper probings by designated House and Senate committees, does none of that. Chairman David Boren acknowledges that the foreign policy disasters may have started innocently as a gesture toward Iran, but even if so, it quickly degenerated, first into an arms-for-hostages deal and then into a way to sneak money to the contras. Lying was an indispensable means to those ends. Apparently Congress must sift through layers of lies to find out what happened.

The key participants gave each other wrong answers at key moments, creating a false sense of security. For example, Robert McFarlane, the former national security adviser, testified that William Casey, the Director of Central Intelligence, denied that Israel had secretly shipped arms to Iran. Con-

Shoes, Over and Under

For two weeks now, a gray sky has hung low over New York City, spitting. Mostly it spits snow, sometimes it spits rain and occasionally it spits something that it would be a kindness to call sleet. The sun shows its face only long enough to prove it's still up there. So slush is piled at the curbs, and trying to walk some streets is like trying to traverse the Wollman Rink without skates. Which brings us to feet. New York feet are in trouble.

As is obvious to anyone who's been keeping his eye on the ground, in winter, New York feet do not get the attention that Chicago feet and Minneapolis feet get. If they did, they'd be shed a lot more sensibly than those we've seen in midtown lately.

Many pairs of smooth-soled rain boots. They do not make for firm footing on ice.

The last go-go boots in town. Short, white and tasseled, these were spotted on Eighth Avenue and evoked beautiful memories of the old Peppermint Lounge.

High-heeled boots, equally impractical, and evoking beautiful memories of Nancy Sinatra.

Running shoes. Though the soles grip the ground, the whole shoe is apt to come off in snowbanks.

Duck boots. These look serious but unless they are the shin-high version, ice water pours in at the sides.

Why are New York feet treated so cavalierly at so difficult a season? Is it because their owners don't believe that New York is truly northern? Believe it. The forecast is for flurries.

Topics

Bird Colonels / Animal Abuse

Kernel of an Idea

The performance of Col. Gregorio Honasan, a leader of the latest attempted coup against the Aquino Government in the Philippines, lends critical mass to a proposal that could go a long way toward stabilizing world affairs. The plan is simple: abolish the military rank of colonel, worldwide.

The evidence is compelling that wherever dirty business is conducted, colonels are somehow involved. The Greek colonels overturned their government and substituted a dictatorship. In most Latin American revolutions, the colonels lead the fray. Nothing more need be said about Libya's Colonel Qaddafi. Much more remains to be learned about our own Colonel North.

Why are colonels so troublesome? Perhaps because they chafe so while waiting for their general's star. In

times of peace, that can be a long wait. Generals are too comfortable to want to upset the status quo. The colonel-elimination plan would, moreover, reduce military budgets. The colonels' legitimate work could be formally assigned to master sergeants who are already used to doing it anyway, at lower cost.

Laboratory Pets

Most laboratory animals are bred specifically for research. Since their health and genetic history are known, such "purpose-bred" animals yield superior data. Still, each year, some 300,000 dogs and cats are bought from animal shelters for laboratory use. Why? They cost less.

Congressman Robert Mrazek, Democrat of New York, has introduced legislation to prohibit the National Institutes of Health from fund-

ing experiments that use shelter animals. The bill would not alter the laws in 39 states that permit the practice, but it would cut off much of the money used to buy such animals. It's a sound and humane idea.

Twelve states, including New York, restrict the sale of shelter animals for research. But their laws do not apply to strictly private shelters — a loophole the New York Legislature may close this year.

Depriving labs of stray dogs and cats would not impede medical research. For the last 15 years, the N.I.H. itself has refused to accept shelter animals. Congressman Mrazek's bill would simply extend that policy to its contractors.

Some animals must be used in laboratories, particularly for medical research. But pets, raised among us and taught to trust the outstretched hand, do not belong in research laboratories.

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Beware Phase 1 of S.D.I.

By Albert Gore Jr.

Today, as before, the single most marked characteristic of the Reagan Administration is the mismatch between its words and reality — a gap that is hard to explain except by incompetence or duplicity.

In 1981, an enormous tax cut was sold as the first phase in a larger plan to balance the budget through the miracle of supply-side economics. More recently, the public was told that what appeared to be a swap of weapons for hostages was really the first phase of a much grander policy to re-establish a geostrategic alliance with Iran. Secretary of Defense Caspar W. Weinberger's proposal that we immediately begin a phased deployment of the Strategic Defense Initiative is the latest case in point.

In each past case, Congress and the country failed to adequately evaluate the first phase of a proposed policy on its own merits and were led to swallow heavy risks in return for promises of much larger future benefits. And in each case, the country has paid a high price for the absence of candid debate.

Now, before we go down the road of phased deployment, it is absolutely vital that we pause long enough to consider the costs of the full Strategic Defense Initiative — not only the enormous financial costs but the sacrifice of common sense and sound judgment.

Many Americans think that in pursuing the strategic defense program the President is trying to build a leak-proof shield. In fact, his Administration has been working on a very different S.D.I. program: Instead of defending our population, it is intended to defend our missiles.

Instead of making deterrence through the threat of retaliation unnecessary, it is designed to enhance

Albert Gore Jr., Democrat of Tennessee, is a member of the Senate Arms Control Observer Group.

our offensive capabilities. Instead of making the world a safer place, it could well create instability and a greater risk of nuclear confrontation.

Many experts had doubts about the program as early as 1983, when the President first proposed making nuclear weapons obsolete. Knowing the extreme difficulty and implausibility of such a feat, they suspected a classic "bait and switch" ruse.

The "bait" to attract support for an extensive strategic defense buildup was the promise that the system would defend every American against the threat of nuclear weapons. Many Americans, bone weary after four decades of nuclear anxiety, were ready to buy the President's vision, and the country has already made the first down payments.

Secretary Weinberger is still holding out that bait: even as he proposes a phased deployment, he strains to preserve the illusion that the purpose of the program is still population defense. And he insists that the risks of such a deployment should still be measured against the grand benefits promised by the President's sweeping vision.

But in fact what we are seeing now is the beginning of the "switch": Secretary Weinberger has told us openly that when he delivers the product we have purchased it will look quite different from what was advertised. Not to worry, however, he says, because it is only the first phase of the full system we ordered.

He and other hardliners want to implement the switch quickly, while President Reagan is still in office: they hope to lock in the program and foreclose arms control options for his successors. But Congress and the

American people must not be fooled. We must evaluate phase one on its own merits, and we must have no illusions about the costs — the military implications for the Soviet Union, Moscow's likely response, the destabilizing effect on the arms race and the likelihood that a defense will be both highly vulnerable to attack and more expensive than countermeasures designed to render it ineffective.

The first cost would surely be to our own rational thinking and our standards for defense spending. The so-called Nitze criteria — that a defense must be cost-effective, able to protect itself against attack and stabilizing in its effects — are our soundest, most intellectually honest standards. Yet they have been opposed by advocates of the Strategic Defense Initiative and would clearly go by the boards if we were to move ahead with the first phase of the program before establishing the feasibility of its latter stages.

Next to go would be any remaining prospects for serious reductions in offensive weapons during the rest of the President's term, and perhaps beyond. The most logical Soviet response to a phased deployment would be to develop the capacity to attack space-based defenses with antisatellite weapons and to saturate ground defenses with large numbers of warheads and decoys. The President's abandonment of the second strategic arms limitation accord's constraints on offensive weapons and his refusal to work out limits on antisatellite weapons give the Soviet Union a free hand in both areas.

A phased defensive deployment would also ruin the few remaining

chances of forming some measure of domestic consensus in support of the President's approach to strategic affairs. A Democratic Congress is simply not going to follow the President down the road to early deployment of strategic defenses and to its inescapable corollary, early abrogation of the Anti-Ballistic Missile Treaty.

An early deployment would also seriously erode the moral and political support of our allies. Out of deference to the President's role as the central figure in alliance affairs, our friends abroad have tried to mute their concerns about S.D.I. — in pub-

ling in this area. Should we move toward phased deployment of S.D.I., however, the financial costs are likely to slow down the single-warhead program. Deployment would also give the Soviet Union an incentive to build up its first-strike forces rather than sharply cutting them back.

We are at a turning point. The President ought to pick up some of the threads that were dropped at Reykjavik by pursuing deep reductions and by exploring areas of compromise relating to S.D.I. No one expects him to believe the Soviet Union's hypocritical claims about its major investments in defensive research — efforts that it fully intends to continue. It is perfectly responsible, as a hedge, for the United States to have a vigorous research program of our own.

But the Administration should use that program as a source of leverage in negotiations. Above all, it must not insist, as the President did in his confusion at Reykjavik, on passing up greater reductions in strategic offensive weapons — as it surely would if it decided to support phased deployment.

Once again, the President has been too willing to serve as a salesman for a dubious product — and too reluctant to ask questions that would illuminate the true nature of what he is selling. But once again, many absolve him of personal responsibility on the assumption that he just didn't understand what he was doing. Is it credible that the President does not now know that S.D.I. — his proposal for a leakproof defense of American cities — is being transformed into little more than a destabilizing defense of missile silos? Will the President again sanction a glaring contradiction between public utterance and private action?

He has publicly committed himself to progress in arms control, but he has little time left to match his actions to his words. The Strategic Defense Initiative must not become another grand and fraudulent scheme sold to the American people on the installment plan.

It resembles other policies: A gulf between words and reality.

lic at least. But if the President embraces a phased deployment, those and other concerns about American leadership will surely break out of diplomatic channels, to become matters of public acrimony and division.

Perhaps most important, we would lose the chance to move toward nuclear stability at much lower numbers of weapons. The opportunity exists to combine reductions and more stable deployments with highly survivable and stabilizing mobile missiles with a single warhead. At Reykjavik, and even before, there were indications of an emerging parallelism between American and Soviet think-

ON MY MIND
A. M. Rosenthal

Glasnost And the Churl

A certain unwelcome sensation, akin I regret to say to churlishness, creeps over me from time to time these days, traceable directly to an overdose of glasnost. Glasnost, we all know, is a Russian word that has entered the English language and is translatable as "opening." It is used to describe the changes Mr. Gorbachev says he is bringing to Soviet society.

It really is not Mr. Gorbachev who troubles me, he may be happy to hear. It is the enthusiasm with which his every twitch is greeted in the West.

When I was a correspondent in Communist Poland it struck me that Americans and other Westerners had a way of becoming enormously exhilarated at minuscule liberties the regime granted the Poles from time to time. The Poles, knowing that the delighted Westerners visiting Poland feasted daily on huge steaks of freedom, were not terribly appreciative at being told by the foreigners that the natives should be real happy at being thrown a morsel or two of liberty. In fact, it maddened them.

Obviously, something important may be taking place in the Soviet Union. But it does strike me as perhaps premature to decide, quite yet, that Mr. Gorbachev, a product, inheritor and beneficiary of a totalitarian police state, is doing more than trying to make it more efficient by loosening up here and there, thus gaining some credit at home and enormous prestige abroad, at very little sacrifice to the basic reality of a police state.

But everybody, keep an open mind and make sure that suspicions of the Soviet Union built in by 70 years of a tyrannical system are not blinding us to the possibility that the system is being changed after all.

There are a few things that Mr. Gorbachev could do that would show whether he really is the reformist he is now being called in the West and is willing to make changes that would affect some essentials of the system over which he presides — police power, government ownership, a totally controlled press, a judiciary serving only state interests and the doctrine of Soviet military domination of bordering states.

He could allow one newspaper to be published in Moscow, or Leningrad, or

Small applause and some large suggestions.

Kiev, just one, that would be reported and written by people who have shown some skepticism of the system and lost their jobs or been jailed or exiled for it. Just one — and how's about allowing it to make the first non-state investigation of Chernobyl?

Then he could not only glasnost all his political jails and close the psychiatric torture chambers that have befouled the name of Soviet medicine but take it one important step further. He could put on trial those people who jailed and exiled the dissidents or stuck hypodermics into their arms that sent them into unending agony.

That would be a fine move. He fired a K.G.B. man involved in the arrest of a Pravda reporter but anybody silly enough to mess around with a Pravda reporter on an officially sanctioned inquiry ought to be fired anyway.

Still, applause there for Mr. Gorbachev but softly, until he puts big shots of the K.G.B., which is part of his own apparatus as Soviet leader, on trial. Wouldn't Western admirers of glasnost ask trials for their own police chiefs if they were known to be guilty of arbitrary arrest and torture?

Then he could loosen some of the chains on the captive nations of Eastern Europe. He could tell General Jaruzelski in Poland to make Solidarity legal again! He could order the Rumanians to hold one free election, one, say, for mayor of Bucharest.

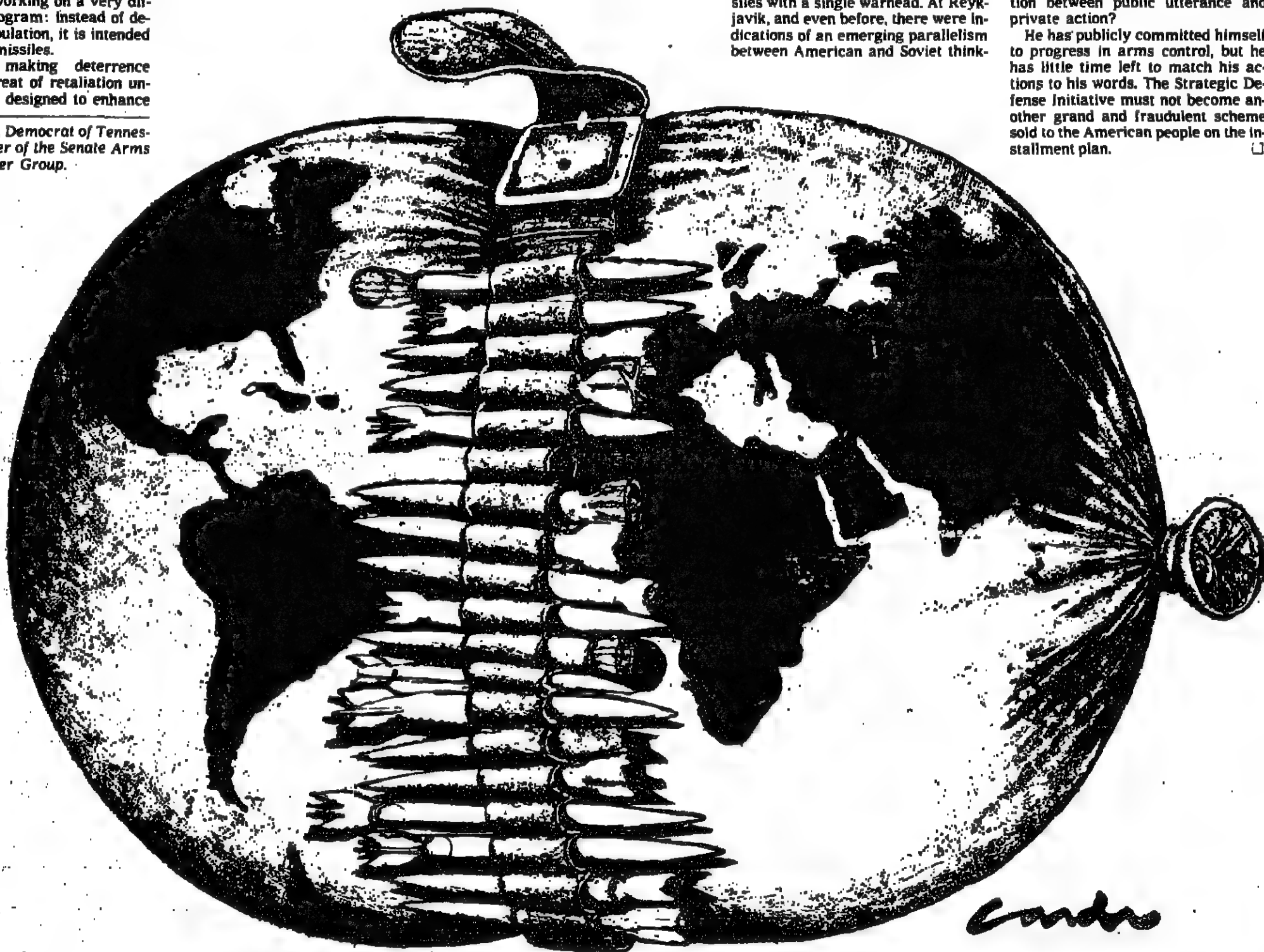
He could really glasnost by pulling Soviet troops out of Eastern Europe. The very ludicrousness of the idea perhaps might be reason for withholding total approval of Mr. Gorbachev for a bit.

Another good sign would be a pull-out from Afghanistan, before, not after the big military offensive Soviet generals are now planning to put down resistance. The generals would grumble but Russian mothers and fathers would be happy. Also Afghan mothers and fathers.

And he could make all Russians happy by providing enough food so that they would not have to spend hours in line every day, often for nothing.

That indeed would be glasnost because it would demand wide-scale, nationwide private farming and food distribution and would change the centralized economic system that guarantees the Communist Party domination of the Soviet Union. Matter of fact, Mr. Gorbachev himself, in his call for changes in party procedure, made it quite clear that he was trying to strengthen the control of the party, an elitist minority, not diminish it a jot.

Glasnost is quite interesting. But as we cut into our nice juicy steaks let's wait a bit before we cheer the tossing of morsels. That really is not so churlish, after all.



Reagan Pulls the Plug on Education

By John R. Silber

The Administration is pledged to several sound principles in higher education: that an educated people is an essential national resource, that the nation should make the fullest use of its voluntary institutions and that students should, as far as possible, contribute to the financing of their own education. Unfortunately, President Reagan's budgetary proposals for student financial aid will, if passed by Congress, violate each of these principles.

The only new idea in the proposals, the Income-Contingent Loan Program, has much less to it than meets the eye.

The most anomalous element in the budget is the destruction of the College Work-Study program, under which hundreds of thousands of students have partly worked their way through college, incurring no debt, short- or long-term.

Moreover, the jobs created under the program frequently contributed to students' educational experience. They learned while working. It is an enlightened program that embodies the sound principle that students should contribute to the financing of their education.

Yet while it is plainly consonant with the Administration's own principles, the Administration proposes to do away with it.

John R. Silber is president of Boston University.

The Administration proposes to cut back sharply another crucial part of the Federal effort, the Perkins Loan Program.

Under this program, colleges and universities share with the Federal Government the cost of establishing campus-based revolving loan funds. Proposed reductions in funding would eliminate these loans for some 200,000 needy students, and increases in interest charges would make these loans far more expensive for the students still eligible for them.

The Administration also proposes to eliminate another program, the State Student Incentive Grant Program, which encourages the provision of need-based grants through state funding. This year, Federal appropriations of \$76 million helped mobilize state grants totaling \$1 billion. The Administration proposal would eliminate grants for more than a quarter of a million students.

The Federal Government's one remaining loan program, the Guaranteed Student Loans, would also be sharply reduced in scope and the loans sharply raised in cost.

The Reagan Administration itself estimates that 200,000 fewer students would make use of Guaranteed Student Loans under its new proposals, and the cost of the loans for students who do use them would be dramatically higher.

Finally, the Administration proposes major reductions in the two Federal scholarship programs.

Funding for Pell Grants would be cut 30 percent, denying grants to a million students.

The Supplementary Educational

Opportunity Grants would be eliminated altogether, affecting 720,000 students.

These proposed reductions insure that many fewer students would be able to finance higher education and that many others would graduate with a burden of debt even more crushing than those bearing down on today's graduates.

The inevitable consequence would be that students would abandon independent colleges and universities — precisely the sort of voluntary institutions the President is quick to praise — and flock to the state sector, where their arrival would force expensive and wasteful expansion. They would leave behind bankrupt independent colleges and universities, wasting educational assets that have in many cases taken a century or more to build.

The Administration's sole counter to these devastating reductions is a new program, the Income-Contingent Loan, which would receive the \$600 million now appropriated for College Work-Study.

Interest rates for the loan are similar to those to be imposed on the Guaranteed Student Loans: 3 percent above the average annual rate for Treasury bills. The main difference between the two programs from the students' viewpoint is that there would be a cap on annual repayment under the loan: 15 percent of the student's income. No part of the Income-Contingent Loan would be forgiven, no matter how impoverished the student became and remained. In addition, the 15 percent would be on top of any other loan repayment obligations.

It has been suggested that the Income-Contingent Loan implements a program that I proposed nearly 10 years ago, the Tuition Advance Fund. Under this program, the Federal Government would set up a fund from which students could draw money to cover most or all of their education expenses. In time, repayments to the fund and investment income from it would make it an essentially self-sustaining, permanent source of financial aid.

The only feature of the Tuition Advance Fund embodied in the Income-Contingent Loan is its income-contingent repayment, while several crucial features are absent. Collections are not made through the highly effective machinery of the Internal Revenue Service. Interest rates are very much higher. And the maximum annual repayment, which under the Tuition Advance Fund would be limited to 8 percent of income (and could be as low as 2 percent at the start of a repayer's career), is under the Income-Contingent Loan a crippling 15 percent.

Most important, there is no indication that the Income-Contingent Loan program would, like the Tuition Advance Fund, generate a national endowment that, within a generation, would provide generous tuition advances without further tax support. The fund would get the Federal Government out of the business of student financial aid. The Income-Contingent Loan would keep the Government in it and would preserve unchanged most of the difficulties of present loan programs.

It is strange that this Administration, which has campaigned on the

issue of bringing fiscal realism to Government, does not see that spending on education is not consumption but investment. A dollar well spent on education is a dollar spent in developing any country's most important capital asset: intelligence.

The Japanese, with minimal natural resources, have shown the world how a highly educated citizenry can substitute for any natural resource. Secretary of Education William Bennett's recent report on Japanese education shows that the Administration is well aware of this fact. But the Administration does not draw the logical conclusion from this awareness.

The Grace Commission identified not merely tens but hundreds of billions of dollars of plain waste in the operations of the Government. A fraction of these savings would fund a national tuition endowment that would preserve and develop our key national asset while ultimately reducing the current expenditures needed to do so.

The Reagan Administration cannot improve the quality of education by abandoning its support of education.

A Correction

An article about abortion Jan. 22 by Dr. Warren M. Hern stated that Senator Bob Packwood, Republican of Oregon, had introduced a constitutional amendment concerning reproductive rights. Mr. Packwood has not offered such an amendment.

Arthur Miller: Stirred by Memory

By MEL GUSSOW

The two new one-act plays by Arthur Miller that open at Lincoln Center next Sunday are thematically linked under the title "Danger: Memory!", which could be taken as a symbolic warning to the playwright. In 1964, he inaugurated Lincoln Center's first theater season (in its temporary home in a theater near Washington Square) with "After the Fall," a play that fell far short of expectations. Just as Mr. Miller may have a feeling of déjà vu, Gregory Mosher, halfway through his second season as artistic director of the new Lincoln Center Theater Company, is unavoidably shadowed by past theatrical consequences. Since it began, Lincoln Center theater has been a theater in search of itself.

"The Price," Mr. Miller's last new play to succeed on Broadway, opened 19 years ago, almost to the day. To some, he is a voice from the past, from the 1940's and early 50's when he and Tennessee Williams were the dominant figures in American drama. But the Lincoln Center opening occurs during a particularly salutary time in the playwright's career. At 71, he is witnessing a significant revival of interest in his work.

Beginning with Dustin Hoffman's 1984 production of "Death of a Salesman," his major plays have been subject to re-evaluation — and have won new audiences. The latest to benefit from revival is "All My Sons," given a splendid production on public television's American Playhouse. "A View From the Bridge" opens soon at the National Theater in London. Two of his later plays, "The American Clock" and "The Archbishop's Ceiling," both of which failed in their initial American productions, are currently successes on the London stage, at the National Theater and the Royal Shakespeare Company, respectively. Coincidentally with the Mr. Miller revival, the playwright has written his autobiography, scheduled to be published in the fall by Grove Press. It promises to deal candidly with, among other things, Mr. Miller's marriage to Marilyn Monroe, a subject that, up to now, he has rarely discussed.

Mr. Miller's two new one-acts at Lincoln Center represent the playwright in a reflective mood. Each is something of a change of pace for the distinguished author. "I Can't Remember Anything" should surprise people who think of the playwright as lacking in humor. This two-hander is an often comic dialogue between elderly friends in a country house in Connecticut. An old radical (Mason Adams) is visited by his best friend's widow (Geraldine Fitzgerald). In a play filled with rueful nostalgia, the man remains stubbornly committed to the pleasures and the politics of his past, while the widow purposefully forgets.

"Clara" deals dramatically and suspensefully with an inquiry after a murder. The title character has been slain and a policeman (James Tolkan) interrogates the young woman's father (Kenneth McMillan) trying to put together the pieces of the crime. The play is concerned with the murder and also with the complex father and daughter relationship.

The plays are, Mr. Miller said, "about trying not to remember, about the tactics people consciously take to forget pain. Some things make one feel the agonies of guilt and other things you just find yourself bearing. In 'I Can't Remember Anything,' a woman uses her absence of memory as a defiance and in 'Clara,' a man is prevented from remembering by his own culpability."

The Miller one-acts are the latest instance of Mr. Mosher's realistic approach toward new plays. As intimate works, they are being presented for a limited engagement in the small Miti E. Newhouse Theater. "Arthur brings energy into these offices and into the rehearsal room," Mr. Mosher said. "He's a man rolling up his sleeves, smiling broadly and saying, 'Let's go to work!'"

By 1950 standards, Mr. Miller has a relatively small body of work (11 full length plays, one adaptation and a number of one-acts). Of course, not all of his work is equal, but at least four of his plays — "All My Sons," "Death of a Salesman," "The Crucible" and "A View From the Bridge" — have repeatedly demonstrated their dramatic resilience and their fervid moral conviction. The plays are united by recurrent themes and motifs — embattled fathers and sons, fraternal love and rivalry, suicide as sacrifice and, above all, the law, in the author's words, as a "metaphor for the moral order of man." In almost all of his plays, there is a figure of a lawyer, and in "After the Fall," a lawyer becomes the protagonist.

Where Mr. Miller's plays only works of social consciousness, they might have faded along with plays by Clifford Odets. As the late Harold Clurman realized when he reviewed "Death of a Salesman" in 1949, Mr. Miller is a moralist, marked by his "clean, moralistic rationalism." In play after play, he holds man responsible for his — and for his neighbor's — actions. Each work is a drama of accountability. Watching a revival of "All My Sons," it is impossible not to be aware of contemporary parallels, of defective spaceships and accidents in nuclear plants. Watching "The Crucible," one unavoidably thinks of the suppression of political dissent.

"What I'm trying to do is to create an intrinsic value," said Mr. Miller. "I rely on the grace of time to disclose what the value is if it doesn't ap-



James Tolkan and Kenneth McMillan, above, in Arthur Miller's "Clara," opening next Sunday at Lincoln Center.

pear at the moment the play is finished. Whereas Tennessee Williams was a relentless reviser, Mr. Miller waits for posterity and critical opinion to catch up with him.

His plays since "The Price" have been disappointments (though London's rediscovery of "The American Clock" and "The Archbishop's Ceiling" may alter that judgment), but, in lieu of new plays, his earlier works have been revived, with regularity, throughout the world and in America's regional theaters. Mr. Miller is often in attendance. A conversation with him is filled with references to revivals: "Death of a Salesman," directed by Mr. Miller in Beijing; a production of "The Crucible" in the Soviet Union, in which villagers chased John Proctor with scimitars; "A View from the Bridge," soon opening at England's National Theater, which will mean that he will have three plays running in London.

With all his traveling, he found time to write his autobiography. "The book is what I've made of my life," he said. In the autobiography, he said, he deals with Miss Monroe "as a person in my life rather than as a figure in a national dream."

He said that he first met the actress in 1950 in Hollywood, when he visited the set of "As Young as You Feel." As Mr. Miller recalled, "There was this girl crying in a corner — beautifully dressed, waiting to go on. She was so striking and so terribly sad. The combination struck me. I didn't know her at the time — along with 98 percent of America."

Six years later they were married. "I loved her," he said. "I couldn't imagine living without her. We were married for five years (1956-1961); that's longer than she was with anyone else, even in her childhood. The marriage just couldn't work; it was a tragic circumstance. There was simply nothing but destruction that could come — my own as well as hers."

He said that, as a result of his relationship with Miss Monroe, he changed his attitude toward acting, the theater and art. "I no longer con-



Geraldine Fitzgerald and Mason Adams in "I Can't Remember Anything," also on the Miller double bill.

sider that any sacrifice is valid for an actor or an actress to make. To be an actor or an actress is to be in a very vulnerable position. You're placing yourself on the line, and you can get killed doing that because it's you who is being attacked as well as you who is being glorified. The victims lie all over the scenery. Marilyn was just the most pathetic and the most kind."

"To have anything in reserve is the art. She had no reserve. Everything she was up there on the screen. She took it so seriously. Any actor or actress I see doing that, I can smell smoke. Some of my feelings about it were in 'After the Fall.' I started writing it when Marilyn was alive. I didn't know the character was going to die until I was halfway through. Then I realized there was no way out for her. Marilyn herself had nearly died many times."

How good an actress was she? "She was a very fine comedienne. Whether she could have done other things, I can't say. She had a remarkably oblique and therefore modern, or shall I say, postmodern, attitude toward emotion. Apparently she could feel what she was doing and comment on it. That irony made her sexuality funny. That's a great talent. Whether any of this would have counted for her as a serious actress, you can only judge by 'The Misfits,' by surrounding her with people who would love her, whom she would respect and admire. But it was chaos."

About Miss Monroe's involvement with Lee Strasberg and the Actors Studio, he said: "Strasberg's ap-

proach was to enforce his domination rather than to free up someone to do without him. She was so vulnerable that she couldn't recover from it. She became more and more addicted to that dependency. Some of the methodology, I suppose, enabled her to work. All I saw was that it made her more and more despairing. Her vitality was untapped and unconscious. She had a natural gift and she didn't live long enough to absorb any teaching without crippling that gift."

When Miss Monroe died, Mr. Miller, by then married to his third wife, the photographer Inge Morath, was at their home in Connecticut. "I assumed, as everybody did, that she had slipped over the edge. I can't say I was absolutely surprised, but I was horrified. I knew she had been playing Russian roulette all her life."

"There was no way I could help her. It's a falling in me no doubt, but it's also a falling in every other human being she ever came in contact with. That's what tragedy is and that's why it is so unacceptable."

In his book, Mr. Miller also deals with his intertwined political and creative life. He employs a "shuttle" style, moving from his birth in Harlem to his first Broadway success 30 years later, going back and forth in time, wherever themes take him. There are, of course, signposts, the first, and perhaps most crucial, the stock market crash and the Depression.

This was, he said, "the collapse of what seemed to me to be an ordered society. That vision of the fragility of relationships goes right down into 'After the Fall,' and for me it occurred during a particularly sensitive moment. I was turning 14 or 15 and I was without leaders. This was symptomatic not just of me but of that whole generation. It made you want to search for ultimate values, for things that would not fall apart under pressure — and that, I think, is the moralistic side of my work."

In his sophomore year at the University of Michigan, stimulated by the work of the Group Theater, he

that city. He created life. That was the most magical moment in my life in the theater."

Mr. Miller's work, in particular "Death of a Salesman," has had a strong, sometimes an overwhelming emotional effect on actors as well as on theatergoers. People have felt that their lives were changed by seeing or reading Mr. Miller. Dustin Hoffman read "Salesman" when he was 16. "It destroyed me," he said. "It was like a death in the family." His first meeting with the playwright was 20 years ago, when Mr. Hoffman was stage manager of the Off Broadway revival of "A View From the Bridge." "He was bigger than life," Mr. Hoffman said. "He looked like a California redwood and he sounded like a New York taxi driver." Later, the actor came to know Mr. Miller as a colleague, as well as as a neighbor in Connecticut. Playing Willy Loman, he said, "was the single greatest event of my life."

Especially in the last 20 years, the playwright has become increasingly active in pursuit of human rights and, in particular, writers' rights, making frequent trips abroad to negotiate release of political prisoners. "It was important to me that as writers we would no longer be above the battle for our right to be writers." For him, art comes before politics, but art, and the artist, have an obligation to be political.

In his marriage to Inge Morath, Mr. Miller has evidently found contentment. The two live quietly and comfortably in their country house in Roxbury, Conn. More than anything, he finds sustenance in the country life. He operates his own tractor (to the amazement, he says, of visitors from China, who could not imagine such a machine anywhere except on a collective farm), splits logs and builds furniture. The house is furnished with original Millers — along with Caldera and Steinbergs and photographs by Miss Morath.

Through all his years, through his periods of silence and frustration, Mr. Miller has never stopped writing scenes (sometimes acts), work that may eventually accrue into plays. For him, he said, writing plays is "like breathing. I have to continue to attempt to project a symbol of what I'm thinking or feeling. I write much more subjectively than anybody knows. It's got to come out of some obsessional part of my life."

Then, becoming meditative, he said, "There are very few playwrights who stay in the theater as long as I have. I've lived long enough to see playwrights vanish from the face of the earth — Maxwell Anderson was at one point the king of the

Arts & Leisure

heap. For the most part, it's a young man's game." Though he enjoys his other activities, "There's an intensification of feeling when you create a play that doesn't exist anywhere else. It's a way of spiritually living. There's a pleasure there that doesn't exist in real life. You get swept up in a free emotional life — and you can be all those other people."

He said that he always sensed a kinship with Tennessee Williams. "Tennessee felt that his redemption lay in writing. I feel the same way. That's when you're most alive."

In his life, he has conferred with many world leaders (including, last fall, Mikhail Gorbachev) as well as

with essential dilemmas. "Every day when Mr. Miller is in Connecticut, he works in his studio, handmade by the playwright-carpenter. It is a solid-looking, plain structure, filled with files, books and papers. One difference between the young and old Mr. Miller is that now he writes on a computer. On a desk are four notebooks filled with scenes from his unfinished play, 'The Road Down Mount Morgan,' which for several years had been his primary preoccupation. He put it aside to write his memoirs and the one-acts."

The play, he said, dealt with "the power of illusion." He continued: "It's a picaresque play about marriages. It basically involves a male character with three women around him. It's about life being an ironical trap which requires laughter, but it's no more comic than some of the others I've written. I laughed when I wrote 'Salesman.' So I'm not sure it's going to be a comedy." As conceived, the play would have four acts; Mr. Miller has already written three acts — around 1,000 pages. That length is not unusual for him, he said, adding that eventually he planned to distill the play to around 150 pages. "I'm hoping that when I pick the play up again it will all be clear."

The first day that "Danger: Memory!" went into rehearsal at Lincoln Center, Mr. Miller responded with enthusiasm. After he was introduced to the actors, he said, privately, "This is like the day of creation. They're about to take the play away. I'm just a bystander." One day in early January, he felt that both one-acts came alive. Geraldine Fitzgerald and Mason Adams were playing a scene and Gregory Mosher, in directing them, said, "That's very good talking but you know there's a play going on underneath." Mr. Miller said, "They looked up in shock and did the scene again — and it was marvelous."

The same day, in the other play, Kenneth McMillan did his climactic speech, a father's confession of responsibility for his murdered daughter, with an outpouring of emotion. "When McMillan let loose," said Mr. Miller, "it was chilling. He reminds me of Lee Cobb at his best. If that scene works the way it promises to work, it will be a cannon shot!" Arthur Miller continues to have faith in the possibilities of theater.

Miller said that he always sensed a kinship with Tennessee Williams.

few artists. One man he would have liked to have met, he said, was Jean-Paul Sartre, who wrote the screenplay for the French film version of "The Crucible." "I had an affinity for him," said Mr. Miller. "He foresaw that the attention span was diminishing — for everything. He said a play should make a single striking point. I like the idea of that form — one smashing explosion."

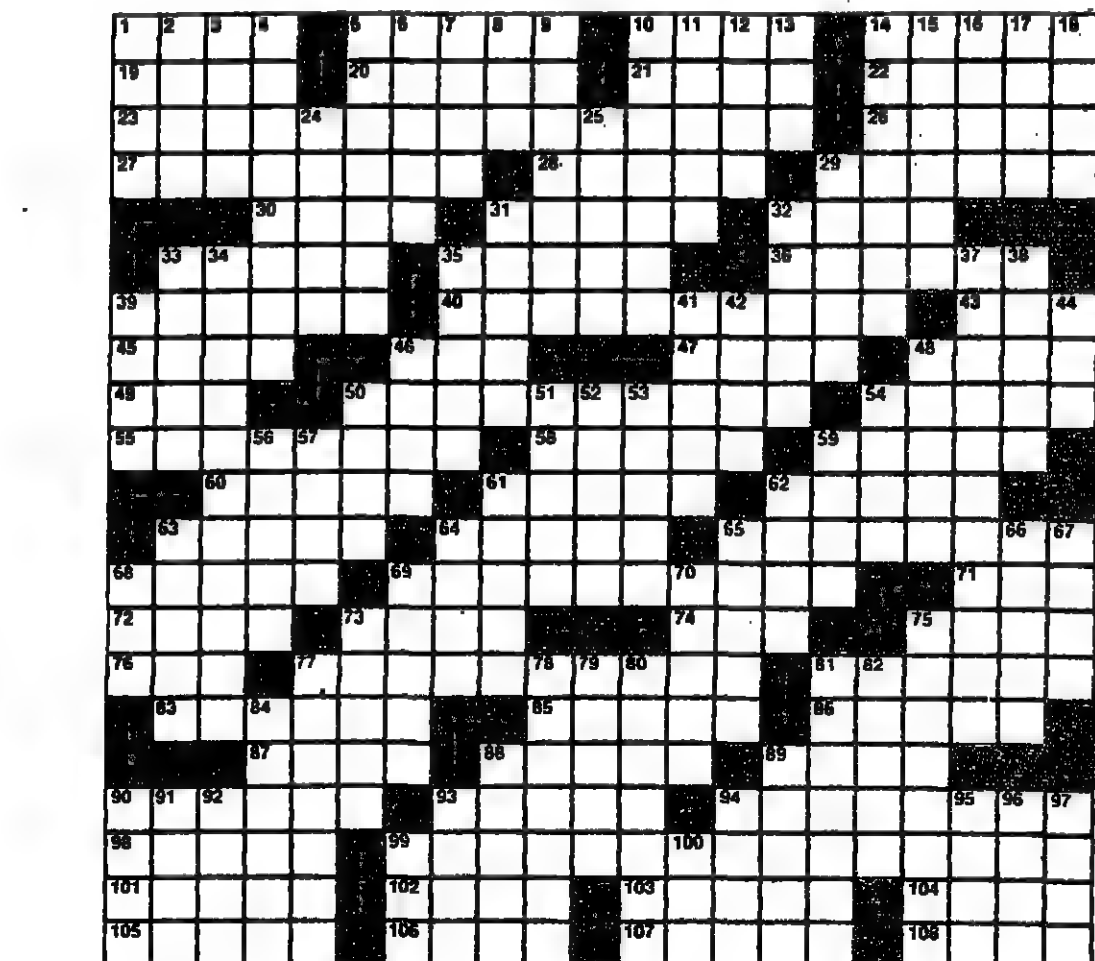
When Mr. Miller was asked what he thought his legacy would be, he answered, quickly, "Some good parts for actors." He explained, "Actors and directors have to decide to do these plays. They don't decide because the play has great moral importance or literary importance. It's because they've got a hell of an idea how to do this part." Then he added, "Of course, I would hope that there would be more seen in them, that they are an image of some kind of human circumstance, that they are dealing

Sticking Point

By FRANCES HANSEN/Puzzles Edited by Eugene T. Maleska

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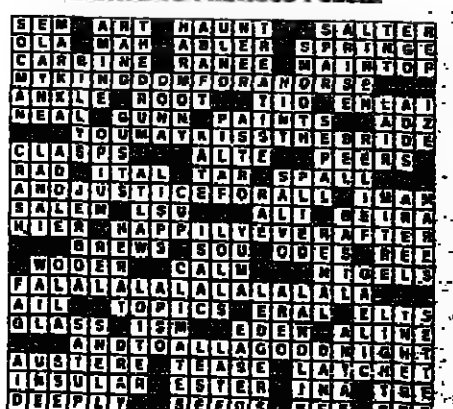
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- 24 Kind of machine
- 25 Fabric
- 29 Discourage
- 31 Up until now
- 32 South America's "backbone"
- 33 Canary's cousin
- 34 "... you might have —": S. Rogers
- 35 "Dark Summer" poet

- 37 These are good for the fray
- 38 "Der Fliegende Holländer" heroine
- 39 Hopi assembly hall
- 41 In or out trailer
- 42 Torture, in a way
- 44 Napoleon's "bravest of the brave"
- 46 Arabian Sea gulf
- 48 Clan garb
- 50 Attaches, in a way
- 51 "When You," Berlin's first hit
- 52 Closefitting cap
- 53 Eared seal
- 54 Western sight
- 56 Eero Saarinen's famous father
- 57 Cross
- 59 Dove's opposite
- 61 Michelangelo masterpiece
- 62 — and needles (nervous)
- 63 "Golden Boy" dramatist
- 64 True, in Troyes
- 65 Delaware Indian

- 66 Atlanta university
- 67 Gainsay
- 68 Morning hrs.
- 69 Brazil's first emperor
- 70 Japanese porcelain
- 73 Capp's Lena
- 75 Wall decor
- 77 Matter-of-fact
- 78 Presses so as to confine
- 79 Uniform material
- 80 Neither — there (irrelevant)
- 81 Waxy, white cheese
- 82 Fla.'s cigar city

- 84 Waterfall girl of song
- 85 Asparagus sprig
- 89 First American diplomat abroad
- 90 Fellow
- 91 Stratagem
- 92 "Old Cow-hand"
- 93 Go it alone
- 94 Wicket
- 95 "The Time Machine" victims
- 96 Speedy Atl. fliers
- 97 An upright
- 98 Chew the fat
- 100 Corn or angle preceder

ANSWER TO PREVIOUS PUZZLE



When does death occur in a murder?

The causal link

LAW REPORT / Asher Felix Landau

In the Supreme Court sitting as a Court of Criminal Appeal, before Justice Moshe Bejski, Justice Shlomo Levin, and Judge Tova Strasberg-Cohen, in the matter of Natan Ben-Yehzekel Blaker, appellant, versus the State of Israel, respondent. (Cr.A.341/82.)

THE APPELLANT was charged in the District Court with murdering his wife by pushing her out of the window of their fourth-floor apartment. The doctors concluded that the injuries had caused her "brain death," and that there was, therefore, no purpose in further treatment. They decided, however, to maintain her breathing and blood pressure artificially, in order to use her kidneys for transplant.

Five days later, her kidneys were removed, and she was detached from the machines connected to her body. The appellant argued, *inter alia*, that he was not guilty of murder since his wife's death had been caused by her detachment from the machines, and not by her fall. He was, however, convicted and sentenced to life imprisonment. He appealed to the Supreme Court.

The first judgment of the court was given by Justice Moshe Bejski. Until recent years, he said, it was accepted both for medical and legal purposes that death was established by the cessation of breathing and heart action — the absence of pulse and circulation.

It was known that the absence of oxygen and blood led to brain death moments after the cessation of heart and lung action, and that, without artificial intervention, heart and lung action ceased shortly after brain death.

Since, therefore, the accepted criteria involved brain death in any event, whether it occurred before or after the cessation of heart and lung action, it was unnecessary to investigate this element separately.

The 1960s, Justice Bejski continued, saw a significant advance in medical technology, primarily in the invention of appliances enabling the continuation of breathing and circulation beyond what was generally accepted as the point of death. However, no way had yet been

found to prolong artificially the life of the brain, and it thus became necessary to decide whether brain death, in itself, justified the finding of death.

Justice Bejski then pointed out that medical science accepted the view "that humans die in stages, progressing from clinical death to brain death, to cellular death... In reconsidering the definition of death, the medical profession has determined that death is a process rather than an event. Recent medical achievements in artificially prolonging life have led physicians to conclude that patients reach a stage in the process of dying beyond which no chance of recovery exists. The medical profession widely accepts that cessation of total brain function, known as brain death, constitutes an irreversible stage in the process of dying beyond which all other organs will imminently cease to function."

JUSTICE BEJSKI went on to consider in detail the developments in determining the point of death in medical science, in legislation and deliberations for proposed legislation, and in legal literature and judicial decisions.

He referred to American, British and German medical authorities, and pointed out that in a 1969 circular concerning transplants issued to hospitals in Israel by the director-general of the Ministry of Health, the principle of regarding brain death as the point of death was accepted.

He also cited a 1978 resolution of the Law, Constitution and Justice Committee of the Knesset supporting heart transplants, and calling upon the minister of health to prepare the necessary legislation.

Dealing with the legislative aspect, Justice Bejski cited both federal and state developments in the United States, concluding that the American authority Solnik was correct in saying that "the fact that 25 states have adopted by statute brain death as at least an alternative to the traditional cardiac and respiratory definition of death indicates an acceptance for the concept of brain death by the legal profession and by society at large."

Justice Bejski also cited legal literature from several countries in which irreversible cessation of brain function was recognized as a criterion of death.

He then referred to American and English cases dealing specifically with the very question now arising, in one of which it was held, for example, that "the death resulted not from turning off the respirator, but from the defendant's act, which undeniably caused the victim's brain to die. Having caused brain death, the defendant was properly found criminally responsible for homicide."

In the decisions cited, it was consistently emphasized, as stated in one judgement, "that it has never been the policy of the courts... to change or disregard reality... We are unable to ignore the advances made in medical science and technology during the last two decades... On that basis we hold that for purposes of the law of homicide, proof of the death of the victim may be established by proof of the irreversible cessation of the victim's total brain function."

Finally on this point, Justice Bejski quoted the Australian Judge Windeyer that "law marches with medicine, but in the rear and limping a little."

He then analysed in detail halachic sources dealing with the question at issue, emphasizing the consistent aim of our sages throughout the generations to adapt the criteria for determining the point of death to the medical knowledge of the time.

In conclusion, he cited a decision of November 3, 1986, of the Chief Rabbinal Council on the subject of transplants, under which according to the Halacha, death is determined, "by the complete and irreversible cessation of breathing, which can be ascertained by proof of the complete cessation of brain function, including that of the stem, which activates the breathing process."

Justice Bejski held that in the light of all the authorities cited, the deceased's death had been caused by the appellant, who had, therefore, been rightly convicted of murder. He added his regret that this problem had not yet been settled by legislation.

Justice Shlomo Levin concurred.

JUDGE TOVA STRASBERG-COHN also agreed that brain death, accepted as the point of death by a broad consensus of the medical, scientific and legal community in enlightened countries, should be so regarded in the present case. She

was of the opinion, however, that the case of the appellant could be resolved on the general principles of criminal law, since the chain of causation leading to the deceased's death was not severed even if brain death was not regarded as final.

The medical evidence was clear, that the deceased's respiration and heart action would have ceased without moments of her brain death unless artificially maintained, and that after brain death no further treatment was given, since it would be pointless.

It was not disputed that the deceased's brain death was caused deliberately by the appellant, and it had not been suggested that the doctors applied unacceptable criteria in pronouncing her dead, or that they had acted in good faith. In these circumstances, the chain of causation between the appellant's acts and the deceased's death was complete, even if the precise point of death was in dispute.

Here Judge Strasberg-Cohen cited a decision of the English Court of Criminal Appeal in two cases where the appeals of the murderers, Steel and Malkerek, were consolidated. In one of the cases, the trial court had actually refused to hear medical evidence as to the precise point of the victim's death. The Lord Chief Justice, Lord Lane, said:

"It is no part of the task of this court to inquire whether the criteria, the Royal Medical College Confirmatory Tests, are a satisfactory code of practice. It is no part of the task of this court to decide whether the doctors were... justified in omitting one or more of the... tests. The doctors are not on trial; Steel and Malkerek were."

"Where a medical practitioner adopting methods which are generally accepted comes bona fide and conscientiously to the conclusion that the patient is for practical purposes dead and that such vital functions as exist (for example, circulation) are being maintained solely by mechanical means, and therefore discontinues treatment, that does not prevent the person who inflicted the initial injury from being responsible for the patient's death."

"Putting it in another way, the discontinuance of treatment in those circumstances does not break the chain of causation between the initial injury and the death."

THE JUDGE went on to cite Israeli, English and American authorities dealing with the proof required of the causal connection between the acts of the accused and the result of his acts in a crime such as murder, which involved criminal intent on

the part of the offender, and also the intention to produce the result, namely, the death of the victim.

Her conclusion was that in such a case, where the accused acted intentionally and desired the result of his actions, it was unnecessary to prove that he must also have anticipated the other intervening events which preceded the final outcome, provided they were not utterly unusual and unexpected.

That was certainly not the case here, where the crime itself, and its consequences, created the necessity for medical interference. The causal connection in the present case, therefore, was sufficiently established.

Judge Strasberg-Cohen then referred to section 309(1) of the Penal Law of 1977, under which, "A person shall be deemed to have caused the death of another person although his act or omission is not the immediate or sole cause of death... (1) If the infliction of bodily injury which necessitates medical or surgical treatment and the treatment causes the death of the injured person. It is immaterial whether the treatment was mistaken so long as it was given in good faith and with ordinary knowledge and skill; if it was so given, the person inflicting the injury shall not be deemed to have caused the death of the injured person."

In her opinion, that section covered the present case, for giving medical treatment and refraining from giving any treatment were two sides of the same coin. Therefore, since it was not disputed that the doctors who treated the deceased acted "in good faith and with ordinary knowledge and skill," the chain of causation was not broken.

It was true, she said, that many expressions had been used in attempts to define the required causal connection between an accused's acts and the result — proximate cause, direct, substantial, material, effective, *causa causans*, necessary cause. The appellant's actions were, at the very least, a real and decisive cause of his wife's death, and any one of the above expressions would be appropriate. The fact that they were not the sole cause of her death made no difference.

For the above reasons, the appeal was dismissed.

Dr. Gavriel Kling, Advocate Pinhas Nussbaum and Dr. Pinna Friedman appeared for the appellant, and Advocate Haim Li-Ran, senior assistant state attorney, for the state.

Judgment given on December 3, 1986.

Women peaceniks

Marcia Kretzmer

SHARING THE podium at a conference on "Women of the Russian Empire and Soviet Union" last week were two remarkable young women. Alla Praisman, who gave an account of a movement run by Jewish women on behalf of their imprisoned menfolk, and Dina Zisserman Brodsky, an activist in the peace movement.

The two delivered their moving, personal testimonies at the Hebrew University at the closing session of the two-and-a-half day conference, attended by eminent Sovietologists and specialists in Russian and Jewish history from Israel and abroad, which was held to mark the dedication of the Marjorie Mayrock Centre for Soviet and East European Research.

Brodsky's firmly-stated position is that the fight for Jewish rights and the right to emigrate cannot be separated from the broader struggle for human rights and peace in the USSR.

A Hebrew teacher from Moscow who is equally fluent in English, Dina Brodsky arrived in Israel three months ago with her small daughter and doctor husband, Vladimir. He was released following protests from peace movements abroad after serving one year of a three-year sentence in a Siberian labour camp.

"The Jewish movement's rejection of the peace movement was mistaken," she said. "When Sharansky was arrested, they said it was his own fault."

Jewish activists believed that it was challenging the Soviet authorities on human rights and peace issues and refusing to restrict himself to the desire of Jews to emigrate that brought about Sharansky's downfall. After several subsequent arrests, many Jews came to realize that confining themselves to Jewish issues would not necessarily afford them protection.

Since then, many Jews, as well as wives of prisoners of Zion, have joined the peace movement, which has established regular, though limited, contacts with peace and human rights movements abroad, especially the Campaign for Nuclear Disarmament and the Greenham Common women in Britain and the Greens in Germany.

ALTHOUGH women peace activists have held separate demonstrations, they joined the peace movement "as persons" and with no specifically feminist agenda, relates Brodsky. However, the belief that their sex affords them special protection, the authorities being reluctant to move against women or imprison young mothers, has been proven wrong on more than one occasion.

Larissa Chukaeva served six months of a two-year sentence in a labour camp after demonstrating in the aftermath of Chernobyl. Her release came about after intervention by peace activists abroad. Six women were arrested in May 1985 after a demonstration in Moscow for the banning of nuclear weapons and were committed to mental hospitals. Again, thanks to protests from abroad, including the Chicago Action for Soviet Jewry, four of these women are now back in their native cities of Moscow and Leningrad, and one is in Vienna en route to the U.S.

Maria Zilber and her Jewish husband, both "unofficial artists," were expelled to the U.S. with their small son last July. After Maria and her husband were hospitalized in separate mental institutions, Brodsky told *The Jerusalem Post* in a telephone conversation following the conference, their son was placed in foster care. When the facts emerged concerning the attempt of a nurse to administer injections to the boy to prevent his inheriting his parents' "schizophrenia," a scandal erupted. As a result, the family was released.

ALLA PRAISMAN, who has been in Israel for one-and-a-half years, related the now famous story of her underground Jewish kindergarten. The aim was not only to provide a

Jewish education and environment, but to shield the three- to six-year-olds from the unpleasant climate surrounding refuseniks and their families. After dodging the authorities for two years, the kindergarten was brutally broken up by the KGB, who went so far as to rip the children's Hanukkah pictures off the walls and terrorize the teacher and her 12 charges.

"We were not bothering anybody, but we were not revolutionaries and therefore not very good conspirators," says Praisman.

It was during the ensuing period, when no one was receiving exit visas and Jews were being arrested one after another on trumped-up charges, that the idea of the Jewish women's movement was born. They believed that the authorities would be reluctant to move against women, and they hoped to establish contact with Jewish women abroad who would speak out for them and draw attention to the plight of refuseniks and their children, and the denial of their right to a normal existence.

BOTH BRODSKY and Praisman reacted with some amusement when asked whether they identified with the women revolutionaries of the past and whether the latter had provided any inspiration to them in their heroic struggles for freedom.

The two were probably quite aware as the other participants in the conference that the condition of women at the time of the Russian Revolution was far from the way popular mythology portrays it.

Prof. Richard Stites, a historian from Washington's Georgetown University, described the brutal realities for women during the revolutionary period. Legislators, fashioners of symbols and town planners all proceeded on the assumption of the emancipation of women.

The latter even dreamed up utopian communities with separate care for children, and the abolition of all sex distinctions in work and public life.

But the reality, among the peasantry and the urban proletariat alike, was very different. Women and children were abandoned, unwanted pregnancies were common as men and women contracted and dissolved one marriage after another. With the social dislocation, alcoholism and wife-beating did not diminish, but rather increased.

Paradoxically, it was under Stalin that women who, along with men, lost most of their personal and political freedom, regained a small measure of marital and family stability.

PROFESSOR Israel Getzler, of the Hebrew University's Russian Studies department, also demolished the myth of the revolutionary woman. "The Russian woman was, and remained, a *baba*," he said.

True, the revolution was sparked off by women — striking textile workers — who rushed to the Nevsky Prospekt bringing men with them, only to be derided as *babas* by the soldiers confronting them with drawn bayonets.

"The virtues of Bolshevism were toughness and manliness," he explained. "The *baba* welcomed the return to stable life after the turmoil of the war."

Also addressing the closing session was Dr. Mordechai Altschuler of the Hebrew University's Institute of Contemporary Jewry. He pinpointed the strikingly low fertility of Russian Jewish women, a corollary of their socio-economic characteristics as overwhelmingly white-collar, urban and highly educated.

"I am afraid of the results of the 1989 census in the USSR," said Altschuler. "Estimates of the Jewish population as three million cannot be taken seriously. It is probably closer to one-and-a-half million."

Dr. Edith Rogovin Frankel, director of the Mayrock Centre, told *The Post* that individual lectures from the conference will be published as occasional papers of the centre.

Click for clack

YOU ARE 21 and have set your heart on becoming a surgeon. You have filled in any number of questionnaires, gone through a battery of tests, and now, today, comes the letter from medical school that you have been accepted.

Proud, exultant, bursting with the news, you call up David. Ring-ring, goes the phone, and click, the receiver is lifted. You open your lips to shout "David! Guess what?" — but from the other end comes an electronic crackle, followed by an electronic voice: "This is 534709. Please wait for the signal; then leave a brief message. Thank you."

That leaves you up in the air all right. No, you are not going to deliver your joyous message to no blasted machine. Neither would you tell a machine that after a three-year wait, your wife had got pregnant. Or that Grandpa had died. The fact is that you don't feel like telling a machine anything. People are disconcerted by the answering machine even if they just called for a little chat, or to suggest going to the movies, or to ask what time Sara will be home. It is about the most frustrating of modern inventions, is the answering machine.

Though it is fairly prevalent by now, you are still never quite ready for it. Most people simply freeze when they get the machine. Some manage to recover in a moment, wait for the signal and leave their mes-

RANDOMALIA Miriam Arad

sage. Their message is invariably spoken in an unnatural voice, and phrased in stiff, stilted language. A very few just won't take it: as soon as they hear the recorded voice, they hang up in disgust. Click for clack.

That even the owners of answering machines may feel rather awkward about the thing is demonstrated by the messages they leave on it. David's businesslike "This is 534709, etc." is by no means the rule. What's more, they generally sound stilted themselves, as though they liked it no better than their callers, talking into a machine.

They are pleased when the new toy arrives, though, and summon a family council to decide which message to put on. Should we give our name or just our number? Should we say sorry, we're not at home? ("No, dummy, they'll know we aren't.") Should we ask to please call again between 8-10 p.m.? ("No, dummy...") When all that is settled, there still remains the vital question of who is to record the message.

The young, 18-25, tend to go in for "funny" messages, like telling you in a pronounced Hungarian accent that this is the residence of Istvan Gerecs, please leave your name. Istvan will call you back as soon as he's finished his goulash. Unless you are 18-25 yourself, you think you've got a wrong number, dial again, get Istvan again, and the penny drops.

Except where they need it for their work, people who get themselves an answering machine must be of the sort who always fear they are missing something. They are miss the faith that whoever-it-is will call again, and they will never know the happy abandon with which the rest of mankind unplugs its phones in the middle of the day to take a nap.

Barenboim's excellence

MUSIC REVIEWS

RUBINSTEIN CENTENARY CONCERTS. Special recital: Daniel Barenboim in all-Chopin programme. (Mann Auditorium, Tel Aviv, January 30.) Fantasy, Op. 49; Nocturne, Op. 27 No. 2; Sonata in B-flat minor, Op. 35; Ballade No. 1; Berceuse, Op. 57; Valse in F major, Op. 34 No. 3 and in E minor, Op. 33; posthumous: Polonaise, Op. 23.

WHEN DANIEL Barenboim started on the A-flat major *Polonaise*, the concluding piece of his all-Chopin programme at the Mann Auditorium on Friday afternoon, the hearts of some old-timers in the audience must have skipped a beat — it was a work Arthur Rubinstein used to close his recitals with many a time. Other resemblances were in conspicuous evidence as well — the enthusiastic public, overflowing onto the stage; the graceful presence of the artist whose dapper manners — along with his many other qualities — set him apart from the current breed of performers; and the personal magnetism which held the audience spellbound all through the performance.

Barenboim is, of course, among the most fascinating musical personalities of today. The scope of his repertory — indeed, of all his musical activity — is no longer bewildering only because we have become

accustomed to it. Yet it is not just the quantity — or even the quality — of what he does which fascinates. Of the evidence of the two recitals — the Beethoven and the Chopin — he gave during the Rubinstein centenary celebrations as well as his performances of Beethoven's "Emperor" and Tchaikovsky's First Concerto, it appears that Barenboim has developed an inimitably personal musical-plastic outlook, and it is this which places his readings in a class of their own.

Several facets of this approach were evident at this performance. Rhythm, for example, is treated as an important tool in clarifying the composition's structural properties and heightening its expressive thrust. Thus, the slowing down in the concluding chords of the Berceuse offered a wonderful sensation of repose while the unexpected hastening of pace in the middle part of the B-flat minor sonata's "Funeral March" movement reflected the emotional urgency under the outwardly calm surface.

Barenboim assigns a significant

role to the sound-colour, with the mingling of different harmonies constituting a favourite and often-employed means. This can build up a mighty sonority — as in the climactic sections of the Fantasy and the *Polonaise* — or provide a delicate haze, as in the Nocturne. And it was, in part, Barenboim's sophisticated pedalling that made the Sonata's last movement breathtaking.

The instrumental texture itself serves as an inexhaustible reservoir of expressive means. Time and again, the pianist brings up an inner voice or juxtaposes the bass and the melody (as in the opening of the Fantasy) to shed a new light on familiar episode.

Finally, Barenboim's interpretations reflect an artistic world in which the drama, dynamism and inner strength serve as the cornerstones. It pervades not only the heaven-storming climaxes — this is not the Chopin of lingering melancholy or light-weight salon charm — but even such gentle pieces as the Nocturne and Berceuse, imbued as they are with insurmountable vitality.

Which, when all is said and done, may be the main quality of Barenboim's musical art: everything he

how it sounds — we will play it regardless!

ELI KAREV

Awful

brought the music to a standstill. But at least we were able to enjoy two young singers who, though still at the beginning of their careers, already have something to offer. Ruth Tavor possesses a clear and sweet soprano and she responds felicitously to the musical context. Marianne Prager's alto seems extremely well placed and she projects her phrases with complete confidence and clarity.

BENJAMIN BAR-AM

The old school

ISRAEL CHAMBER ORCHESTRA, with Joseph Silverstein, conductor and violinist; Samuel Graber, cello; Oded Pines, oboe; Zvi Ben, bassoon. (Jerusalem, Sheraton Theatre, January 27.) Mozart: *Adagio in E major* K. 261 and *Rondo in C major*, K. 373, both for violin and orchestra; Haydn: *Stabat Mater* Concertante in B-flat major for violin, cello, oboe, bassoon and orchestra; Schubert: *Rondo in A major* for violin and strings, D. 438; Honegger: *Symphony No. 2* for string orchestra.

JOSEPH SILVERSTEIN belongs to the old school, musician and gentleman.

Standing before the orchestra, whether with violin or baton in hand, he looks nothing so much as courtly, a visual impression reinforced aurally through the gracious elegance of his music-making.

As soloist in three of the pieces performed, Silverstein displayed an instrumental tone glowing with incandescent warmth, and his readings of these works spoke of an abiding love for, and understanding of, the music he plays.

If his energies seemed to flag by the time the Schubert came around, the listener was still left with an exemplary performance, all elements in balance and no loose ends.

As conductor, his rapport with the ensemble was uncanny, this fine group responding to his every gesture. It must have been as much of a pleasure for them as it surely was for the audience.

The solo group executed their role in the Haydn piece with the same, fine, musicianly style which characterized the evening as a whole, only the cellist experiencing some difficulties along the way. Solo lines came through with sparkling clarity, and the designation *con spirito* of the closing movement was the hallmark of the entire work.

A few members of the audience took their leave just before the Honnegger symphony. Rather a pity, because this work is a useful introduction to the music of this century.

Written during the turbulent years of 1941, the piece is positively tame by the standards of today, yet it is a decisive commentary on the period by a sensitive and gifted composer.

Silverstein addressed the work with appropriate objectivity, allowing the music to speak with its own personality intact.

DANIEL ZIFF

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Parley looks at the future of Israeli banking

Bourse boom could go bang, professor warns

By PINHAS LANDAU
Post Finance Reporter

"If we don't correct the problems that have been revealed in the financial markets, the current boom in the stock exchange will be a repeat of that of a few years ago. We are inviting the same negative phenomena that we saw in the past. The names of the people involved will be different, but the outcome will be the same."

This blunt warning was delivered Friday by Prof. Marshall Sarnat of the Hebrew University, a member of the Bejski Commission that investigated the collapse of the bank shares. Sarnat was speaking at a seminar on "Trends in the Development of Israeli Banking" held under the auspices of the Jerusalem Foundation for Israel Studies.

Sarnat chaired the seminar, which centered on a presentation by Dr. Meir Heth on the main themes of a study of Israeli banking on which he has been working on behalf of the foundation. The coincidental juxtaposition of Friday's meeting with Heth's appointment, one week earlier, to the chairmanship of Bank Leumi, gave a strongly topical twist to the event and perhaps resulted in broader media coverage than would otherwise have been the case.

Other speakers, each of whom was strictly limited by Sarnat to a 10-minute allotment, included Eviatar Frenkel, Chairman of Bank Leumi, Discount director and Tel Aviv University professor Yair Oraler, Bank Leumi Strategic Planning Division chief Dr. David Klein, and Dr. Yitzhak Swary of the Hebrew University. In addition, several members of the small but distinguished audience ventured suggestions and criticisms.

Heth's lecture focused on the first part of his study, which is an historical review of the development of banking in this country since the middle of the 19th century until the present. The other two parts, com-



Prof. Marshall Sarnat.

(Dan Landau)

prising an analysis of the key problems of Israeli banking today, and an analysis of policy issues, will presumably be rather slower in appearing than had been planned, since Heth - by his own admission - is now grappling with them as a protagonist, rather than dispassionately commenting on them from the sidelines.

Heth and the other speakers spoke to the point and the discussion came to encompass a number of basic issues regarding the past, present and future of Israeli banking.

A recurrent theme was whether the banking system had been moulded by the economy in which it grew, or by internal factors.

On this subject, most of the speakers, including Heth himself, Berglas and Sarnat, pinned the blame for the "crisis in the banking system" as it was commonly termed, on the cumulative effect of government domination of the economy, and especially the financial sector.

On the other hand, an alternative viewpoint - "less deterministic," as one speaker put it - suggested that personalities had played a crucial role in the way the financial system and the

banking community had developed. The impact of past chairmen of the former Anglo-Palestine Bank, such as Levontin and Hoeffen, and later the effect of the rivalry between Leumi's Japhet and Hapoalim's Levinson, and the relationship between the bankers and the successive finance ministers had, in this view, a greater influence than impersonal ideological and policy factors.

The merits and demerits of heavy regulation, and the extent of bank and general financial regulation in Israel, were thrashed out from numerous viewpoints. Leumi's Klein was especially aggressive in complaining about the extent of Bank of Israel intervention in almost every aspect of commercial banking. He asked whether the time had not yet come for much of the regulatory framework to be abolished. Maor, unsurprisingly, took a different approach, while Heth himself noted that there was too much regulation in matters where it was unnecessary, and too little in several crucial areas.

The only panel member who was not a banker, director or regulator, the Hebrew University's Swary, was also the only one to discuss the growing importance of "non-bank banks," i.e., firms that provide financial services.

In his closing remarks, Heth introduced one of his own favorite ideas, namely that the Israeli economy suffers from the contradiction of pretending to work as if it is a market economy, when in practice its legal and institutional structure has paralyzed the market mechanism in almost every sector. He mentioned housing and the financial sector as just two examples of this phenomenon. This, he said, was a "philosophical problem" of whether the economy was to be market-driven or centrally planned, and one which had never been satisfactorily resolved in the Israeli context - with results which are clear today.

32 firms blacklisted for trading with Israel

DAMASCUS (AP). - The Arab Boycott of Israel Office on Saturday lifted its ban on the U.S. firms Sears Roebuck and De Leuw Cather and three Italian companies, blacklisting at the same time 32 foreign establishments for dealing with Israel.

The Damascus-based organ of the Arab League also considered "terminated" the blacklisted status of 25 other foreign firms. This meant the companies involved would be allowed to do business with Arab countries after a few months' trial period.

Among the freshly-blacklisted firms were the six U.S. firms G.T.E. Systems Security Products, Cannon Groups Inc., Nelson Stud Welding Division, Mallinckrodt Inc., Weber Marking Systems Inc. and Technological for Communications International. Mattel Inc. was moved from the blacklist to the list of companies on probation.

The measures were decided by the week-long 56th conference of the liaison officers of the boycott office which ended Saturday.

The boycott office monitors the activities of foreign firms, banning from the Arab world companies that have direct connections with Israel. The ban is lifted when the companies submit documents proving they had stopped dealing with Israel.

The Italian firms removed from the blacklist were: Comex S.A.S., Bosco Industrie Meccaniche S.P.A. and Comex International Division (C.I.D.).

A final communiqué issued by the conference said without elaboration that "it was decided to confront the activities of European-Israeli joint chambers of commerce to foil their aims in serving Israeli interests."

The conference also banned dealings with 26 Indian companies which trade in diamonds, and the importation of Pierre Cardin cigarettes and products of the Japanese firm Nippon Telegraph and Telephone Equipment.

Firm proves high-tech isn't everything

A paper success story

By SIMON LOUISSEON
For The Jerusalem Post
HADERA. - It's not high-tech and its pretty low profile, but it could show some of the flashy high-tech firms a thing or two. American Israeli Paper Mills Ltd.'s shares have risen on the American Stock Ex-

The company has captured such a large slice of the local market because of its 'natural' advantages. - Shmuel Rotem, chief executive at AIPM

change from a low of under \$5 in 1985 to around \$19 today, while shares of many of the Israeli high-tech companies on the same exchange have fallen.

AIPM reported earnings of \$7.3 million for the first nine months of 1986 compared with \$5.3m. in 1985. With all plants operating at full capacity the company looks well on its way to a bumper year.

The chief executive at AIPM, Shmuel Rotem, runs the company in a "hands-on," no-nonsense style. He is the sort of boss who eats his lunch in the employees' cafeteria and knows most of the company's 1,500 workers by name.

Rotem puts the success of the company down to two things. First, the company has increased efficiency through cost-cutting and boosting the output of its machines. Second, demand is at unprecedented high levels.

"People are buying like crazy," says Rotem. Since the economic recovery plan of July 1985 people have had more money to spend. Demand is also high in Europe and the U.S.

There are at least two other reasons for AIPM's success. Whether by design or accident the company's products have fallen in price in real terms since July 1985. Because the company has a virtual monopoly in some lines - for example household paper products and

paper for writing and printing - prices are government controlled. Since July 1985 AIPM has been granted only a 6 per cent rise in prices while the consumer price index has risen by approximately 30 per cent since then.

The other reason is that AIPM is in sound financial shape: when the economic reforms came in 1985 it was a net lender. Perhaps reflecting the conservative nature of the business, says Rotem, the company has been cautious during the last few years and has avoided investing in bank shares and high return-high risk ventures.

AIPM has not only had to absorb labour cost increases of around 10 per cent, but the cost of its basic raw material, pulp, has increased from \$350 a tonne 18 months ago to \$375 today. On top of this is the latest devaluation of the shekel for which AIPM will be applying for price rises of 3-4 per cent.

The company has been accused both of being protected and of working the price-fixing mechanism on a cost-plus basis, but Rotem denies this. He says import tariffs are down to 2 per cent and "this is nothing."

The company has captured such a large slice of the local market because of its "natural" advantages, he says. First, many household products, such as toilet paper, are bulky and therefore transportation costs are high, with the result that the local manufacturer is preferred over the foreign one. Second, printers don't like to hold high inventories. The local producer can supply their needs more quickly than their overseas competitors.

Rotem suggests that European paper producers use Israel as a dumping ground and that the problem would be more serious were it not for the high demand for their products in Europe.

Rotem concedes that his company's production is almost all for the home market but he contends that in the balance of payments battle the import substituter is just as important as the exporter. The value of the dollars earned in many ways has a higher added value than some of the dollars earned from the exports of the high-tech companies.

But AIPM is a reality and quite a successful one. Growth for the company will come through expanding the company's product lines and the capture of new markets.

The company intends to invest more than \$100m. over the next five years on new projects and upgrading its existing plant. This year over \$25m. will be spent including \$5-6m. on upgrading the No.3 paper machine which will virtually double the machine's capacity.

One product introduced by the company which has led to growth is the paper diaper. Despite a three-shift operation and the introduction of a fourth diaper machine only four months ago, the company cannot keep up with demand. Its stocks are depleted and it intends to install a fifth machine soon.

It has also begun to market diapers for the aged and infirm.

Much of the company's new expansion will come through the recycling division. Ammir, the recycling division has won a tender to set up a \$2m. garbage recycling plant in Afeka, and a smaller tender has been won for garbage separation in Tivon. However, the project with the most potential is a three-stage \$30m. garbage recycling project for the Tel Aviv area. The company has submitted a bid and expects to be among the front runners.

While AIPM collects half of its total fibre needs from recycled paper, Rotem admits that the collection rate in Israel is low by the standards of Holland, West Germany, and Japan. Israel recycles only 26 per cent of its paper compared with rates of up to 50 per cent in these other countries. Collection costs are high, partly because the Israeli public has not been educated to recycle. AIPM could buy recycled paper for half the price outside Israel.

Another project is the \$50-50 joint venture with Carmel Container Systems Ltd. to establish a packaging plant in Migdal Haemek. The \$4.5m. plant will employ 120 people and is due to go on stream in May.

The prospects for 1987? "Assuming no economic catastrophe occurs, we should have a good year. We feel pretty safe," Rotem says in understatement.

Coffee export quotas could be just around the corner

LONDON (AP). - Coffee producers with the international coffee organization agreed yesterday on a proposal to bring back export quotas in a bid to stabilize world prices.

The proposal to be presented to ICO importing countries today, received "massive support," said coffee producers' spokesman Jorio Dauster of Brazil.

Dauster said a few of the 50 producing countries attending the talks, which opened last Wednesday, opposed the deal, while some others expressed reservations.

Export quotas, the ICO tool for regulating supplies and prices are currently suspended. Their re-introduction now depends upon the support of leading importing countries, which include the U.S., all

Western European nations, Canada and Japan.

Coffee prices have fallen rapidly in recent months, with the average price computed by the ICO, currently just below \$1.18 a pound (0.45kg.) compared with an eight-year high a year ago of more than \$2.20.

The target range defended by ICO export quotas until last September, when it was abandoned, was \$1.20-1.40.

There are no automatic provisions for the re-introduction of export quotas to stabilize prices because there is currently no distribution of any global quota that is accepted by ICO producers and consumers.

The forum for a decision on the re-introduction of quotas is the 75th annual ICO council, which meets next on February 16.

Rafael staff ordered not to block plant transfer

Jerusalem Post Reporter
HAIFA. - Labour court judge Eliezer Canfi yesterday ordered the research staff committee of the armament development authority, Rafael, not to interfere with the transfer of research and production units from the Haifa premises to Rafael's new complex, Leshem, in the Sgeva area of the Galilee. He ordered them to honour the agreement on the transfer conditions that all Rafael's staff committees signed with the management in 1984.

The committee had argued that the transfer would lead to the waste of millions of dollars and cut Rafael's competitive edge. A committee spokesman announced that they would appeal the ruling in the National Labour Court. Rafael's management last week said the transfer would cost only a fraction of what the committee had claimed.

Third World economies in danger

White-collar crime on the rise

SINGAPORE (Reuters). - White-collar crime is rising worldwide, according to international lawyers and police who say a well-funded international agency is needed to trace illicit funds laundered through offshore banks.

The lawyers and police, who attended a seminar here on economic crime, last month, said the need was pressing because organized crime was channelling illicit funds into legitimate financial businesses which were being turned into front companies.

Fraud is increasing in letters of credit, insurance claims, credit card payments, share transfers and futures trading, putting at risk entire Third World economies and eroding the basis of trust for international trade, they said.

"Many criminals have turned their hands to commercial and economic crime, either as a primary criminal activity or as a means of laundering or legitimizing profits made from other criminal activities," Barry Rider, chief fraud officer of the Commonwealth Commercial crime unit, said.

Rider said huge funds were flowing into the banking system from illegal activity. The U.S. Treasury believes U.S. narcotics turnover alone tops \$70 billion a year.

"Criminals who made their money by illegally trafficking narcotics or arms are not going to be too concerned about complying with the

ordinary fiscal and legal regulations for the conduct of business," he added.

International agencies working on the problem are few, understaffed and underfunded, the lawyers said. Only 10 Interpol officers handle commercial crime and the Commonwealth unit staff fell to two from 10 last year, Rider said.

The Commonwealth became involved because developing countries are victims of huge frauds yet do not have adequate resources either to detect them or bring culprits to justice.

"There is compelling evidence that some national economies, primarily in the Third World, are coming under such an attack from organized crime groups and those engaged in economic crime that their political institutions have been significantly weakened and corrupted," Rider said.

Foreign exchange is being sucked away from developing states into offshore banks where it is joined by funds flowing from an underground banking system laundering low denomination bills from street rackets, the police officials said.

"This is a growing multinational problem and it needs multinational liaison to meet it," Saul Froomkin, attorney-general of Bermuda, said.

Froomkin said Bermuda needed international advice to sound a warning about the arrival of criminal funds. But there was no agency to do

that yet. Instead banking centres themselves were trying to develop individual procedures for intelligence gathering and investigations, with little success, he said.

Roger Olsen, assistant attorney-general in the U.S. Justice Department's taxation division, told the seminar that tracing money gained from fraud and crime seemed to be the best way of uncovering evidence to bring major participants to trial, if only on taxation offences.

Criminals often launder funds through secret bank accounts. Foreign nominees and ordinary investment facilities but Olsen said the increasing volume of white-collar crime was weakening the U.S. determination to defend individual privacy.

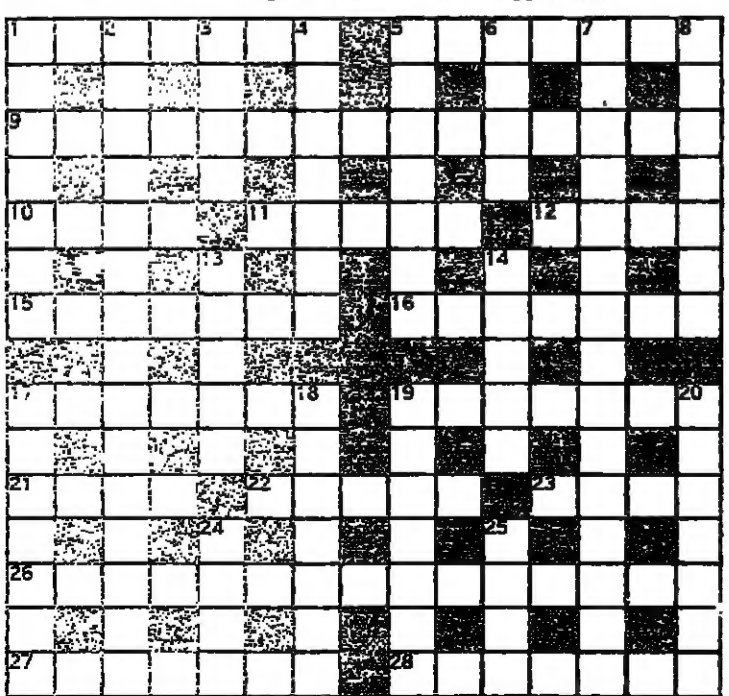
"U.S. courts are waking up to the fact that there may be good reason to respect confidentiality, but not when there has been criminal activity and people have been victimized," he said.

One solution was to compile information in a new agency so that governments and bank supervisors could identify and weed out known swindlers, the lawyers said.

"There is built-in opposition in many organizations to sharing intelligence... But all these hurdles will have to be overcome sooner or later if we are going to combat the international criminal effectively," Rider concluded.

CROSSWORD

- ACROSS**
- Refresh with a mineral after an interval (7)
 - Room cleaner holding a medal (7)
 - Dealing with cold tea stains on non-synthetic material (3,6,8)
 - Have to struggle for breath, so talk softly (4)
 - Of the town, whether forward or backward looking (6)
 - A fly-by-night, in her grandmother's opinion (4)
 - About to follow because unaffected (7)
 - Title role etc to be rewritten (7)
 - Land in absurd situation when set wrong (7)
 - Main plant source of alginate (7)
 - A winger's game (4)
 - Writing, having points to express (5)
 - Broadcast to raise a smile (4)
 - Agents could well turn perverse in a test (15)
 - Divert the underworld boss with a drink (7)
 - Note the code for "Regret" (7)
- DOWN**
- Leaves singers all at sea (7)
 - Standard indications of military rank (5,3,7)
 - River duck needing exercise (4)
 - Fell back on the colliery question (7)
 - System in the East for getting a pain-killer (7)
 - A bit of a cat (4)
 - Shakespearean character who made an ass of himself (6,3,6)
 - The stockman rushed about with a woman (7)
 - Home of the brave (5)
 - Copper possibly ran into a new driver (5)
 - She's no hard leftist! (7)
 - Food locked up (7)
 - Break cover in a way with little hesitation (7)
 - Estate many men see split up (7)
 - Stout fellow gives nothing to her (4)
 - Staunch support (4)



SCRIBBLE PAD

Yesterday's Solution

BLACKJACK
MICROMAVIGVINE
HOTIYUENNYSTIC
SOLICITATION
SPECIAL DEBATED
E B V A C A B E
CLOUPEU MOROCO
I Y T A A E O A
ELBA GRILL PURO
D L A C T K A R E M
OUTSPOKENNESS
P E M K U S E E E N E
R E T R I E V E R S

Yesterday's Quick Solution

ACROSS: 1 Write, 4 Tangle, 9 Zealous, 10 Skull, 11 Rhea, 12 Donkeys, 13 Eve, 14 Sisy, 16 Head, 18 Ale, 20 Prophet, 21 Gale, 24 Ozark, 25 Ailment, 26 Rotten, 27 Eider, 28 Cuckoo, 29 Eider, 30 Eider, 31 Eider, 32 Eider, 33 Eider, 34 Eider, 35 Eider, 36 Eider, 37 Eider, 38 Eider, 39 Eider, 40 Eider, 41 Eider, 42 Eider, 43 Eider, 44 Eider, 45 Eider, 46 Eider, 47 Eider, 48 Eider, 49 Eider, 50 Eider, 51 Eider, 52 Eider, 53 Eider, 54 Eider, 55 Eider, 56 Eider, 57 Eider, 58 Eider, 59 Eider, 60 Eider, 61 Eider, 62 Eider, 63 Eider, 64 Eider, 65 Eider, 66 Eider, 67 Eider, 68 Eider, 69 Eider, 70 Eider, 71 Eider, 72 Eider, 73 Eider, 74 Eider, 75 Eider, 76 Eider, 77 Eider, 78 Eider, 79 Eider, 80 Eider, 81 Eider, 82 Eider, 83 Eider, 84 Eider, 85 Eider, 86 Eider, 87 Eider, 88 Eider, 89 Eider, 90 Eider, 91 Eider, 92 Eider, 93 Eider, 94 Eider, 95 Eider, 96 Eider, 97 Eider, 98 Eider, 99 Eider, 100 Eider, 101 Eider, 102 Eider, 103 Eider, 104 Eider, 105 Eider, 106 Eider, 107 Eider, 108 Eider, 109 Eider, 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656 Eider, 657 Eider, 658 Eider, 659 Eider, 660 Eider, 661 Eider, 662 Eider, 663 Eider, 664 Eider, 665 Eider, 666 Eider, 667 Eider, 668 Eider, 669 Eider, 670 Eider, 671 Eider, 672 Eider, 673 Eider, 674 Eider, 675 Eider

MARKET PLACE

PINHAS LANDAU

Fund managers stampede

Yesterday, the fund managers lost patience. They lost patience, that is, with waiting for the share market to pull back, giving them a chance to deploy the tens of millions of shekels that they are accumulating. So they went chasing shares instead.

This Mohammed-and-the-mountains routine is understandable, because—as we noted on Friday—the stubborn refusal of the TASE to do more than pause for a day here or there, is enough to drive anyone to distraction.

Whether the move was wise or not remains to be seen, but the key to events on the stock exchange may be seen in yesterday's statistics detailing the government's massive "absorption" of money. These figures have to be understood, because misleading would be a complimentary term for them.

In a normal country in normal times, if the government indulges in open-market operations by selling bonds and soaking up money from the public, the effect is deflationary—or it is supposed to be. Not here, and not now.

Why is that? The answer can be found by reading the arcane monetary mumbo-jumbo of the Bank of Israel's recent report on the growth in the means of payment. That document talked about measures of monetary growth such as M-2 and M-4, and noted sadly that they were not giving off clear signals for policy-makers.

So what? No surprise, at least not to anyone who has followed British government policy over the last couple of years, or the Federal Reserve's policy for the last four. In the UK and U.S., monetary deregulation and the effects on investment behaviour of disinflation have rendered the previously accepted pillars of monetarist thinking almost useless.

Monetary aggregates, such as M-1, which used to measure given things—such as the amount in current and checking accounts, or money at call in interest-bearing accounts—are now hopelessly distorted, because new financial instruments make the definitions on which they are based quite obsolete. Similarly, the effect of disinflation is to reduce the velocity of circulation—how long people hold on to money on the average—and the need to tie up funds in interest-bearing accounts.

All this is old hat in the West. In Israel, however, where the speed and extent of disinflation have been far greater, and where new financial instruments have made perhaps an even greater impact than in the U.S., the Bank of Israel hasn't quite managed to stay with the action. It can only wring its statistical hands and say that the old tools don't work.

One result is that when the government says it has "absorbed" money it doesn't mean anything of the sort. Similarly, when the foreign currency reserves go up, or don't fall, it doesn't have the same monetary impact that the old-style textbooks suggest. All that happens is that funds move around and enter different categories.

Thus, after the devaluation, large sums flowed from dollar-linked savings of various sorts to unlinked shekel deposits, while even larger sums headed for the safety of index-linked bonds. The public was "readjusting" its portfolio of financial assets, to use the official jargon. At the same time, the government had few redemptions to make last month, while the overflow of money from the end of December—which was the end of the tax year—meant that it had to issue a lot of new bonds to absorb institutional savings. In addition to all that, there were also real revenue effects as corporations and individuals paid taxes that were due in the just-finished fiscal year.

The result, therefore, is a mess, from an analytical point of view. But in the markets there was no room for doubt. Very large amounts found their way to three areas of investment—Treasury bills, for short-term interest, even if unlinked; government index-linked bonds, which soared as higher inflation became a certainty, at least for the short-term; and shares, where the cash-flow and profit outlook for many companies suddenly improved because of the devaluation, tax reform and wage restraint package.

Mutual funds are the recipient of huge amounts of money from people who can't, don't want, or don't know how to make their own investment decisions. In general, this is highly desirable. In the present context, it may be less so, because the fund managers are now being forced to join the thundering herd.

But it will take more than the Jeremiahing of a few wet blankets like Prof. Marshall Sarnat (see opposite page), to stem the tide. Whether it corrects or not, the TASE seems headed firmly north for the foreseeable future.

NIS 615m. absorbed from public in January

By AVI TEMKIN

Post Economic Reporter
The government absorbed NIS 615 million from the public last month, the Treasury and the Bank of Israel announced yesterday. The Finance Ministry said the considerable absorption resulted from low government spending, surging tax revenue and booming demand for government bonds.

The Bank of Israel also announced that at the end of January, Israel's foreign currency reserves totalled \$4.152 billion, \$1 million less than at the end of the previous month.

According to the Treasury, government spending for January was 7 per cent below the monthly average for the first 10 months of the fiscal year. This combined with the high level of tax revenue which has been

registered over the last months to bring about an excess of NIS 274 million of revenue over spending.

Expectations of higher inflation boosted the demand for price-linked government bonds last month. Net government borrowing through linked bonds totalled NIS 347 million. In addition the public purchased NIS 70 million worth of Treasury bills. Thus, the sums raised by the government last month at the capital market totalled some NIS 317m.

As in the past months, the government last month continued paying the Bank of Israel to redeem government bonds held by the central bank. Last month it paid NIS 24m. for these bonds. This brought the official monetary absorption figure to NIS 591m., since the sums paid to the Bank of Israel are not officially registered under the rubric of absorption.

CURRENCY MARKETS

A week of nervous trading

The dollar closed sharply higher on Friday. News that the U.S. trade deficit narrowed to \$10.7 billion against November's record of \$19.2b. took the market by surprise as most expected a \$13-14b. deficit. Friday's move left the dollar with a net weekly gain against major currencies except for the Canadian dollar.

Trading was nervous and volatile throughout the week with central bank interventions being a major factor. Dollar selling intensified on Tuesday after the unsuccessful intervention of the Bundesbank. On Wednesday the dollar rose sharply from a 6 1/2 year low of 1.7665 Deutschmarks when the Federal Reserve was rumoured to have joined the Bank of Japan in dollar buying.

Repeated speculation that a G-5 meeting was imminent and that a new agreement to stabilize exchange rates could be reached, also supported the dollar. However, conflicting statements from both sides of the Atlantic gave little hope for a solid agreement between the U.S. and its trading partners. The president of the Swiss central bank said that the dollar was falling too much and even suggested Swiss participation in an effort to support it. U.S. Treasury Secretary James Baker's statements that Friday's trade figure does not necessarily signal a turnabout clearly shows that the Administration will not easily abandon its policy to let the dollar fall.

The Canadian dollar staged a dramatic rally against its American counterpart. Since it lagged considerably behind the other major currencies, traders regarded it as a relatively safe bet on the continuing weakness of the U.S. currency.

It seems that Friday's trade figures will give the dollar temporary support. We expect a period of consolidation around current levels, with sharp short-term movements in both directions.

The column appears courtesy of Boaz Barak Advisory Service.

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CONTRA FUNDS

(Continued from Page One)

minister in 1985-86—and Defence Minister Rabin to submit affidavits. Nor, said the officials, had the Americans asked that the Israelis testify in person or agree to be cross-examined in Israel by U.S. interrogators (as was done in the Pollard affair a year ago.)

Sources in the Foreign Ministry said that the intelligence committee report did not emphasize Israel's role in the affair. That role, they said, was highlighted only in the Israeli media.

The sources said that the media coverage of the report in the U.S. "had done Israel's image no good," but that the Israel saw no valid reason at the present time to publish an elaborate, detailed response. The sources dismissed the report as "neither comprehensive nor thorough," and said that a more balanced picture is expected when the Inouye team concludes its deliberations towards the end of the year.

The Senate committee report, and recent media reports, have stated that Israel has supplied arms to the Contras over the past three years. Defence Minister Rabin yesterday said in an interview on Israel Radio that "To the best of my knowledge, Israel has not supplied the Contras with arms."

Israeli officials and their American Jewish supporters yesterday expressed confidence that they would be able to contain any negative political fallout resulting from the Senate Intelligence Committee's report on the Iran/Contras affair.

"I'm convinced that Israel played only a marginal role in this whole thing, and the attempt to show that Israel is the culprit and Israel is responsible for everything will fail," said Israeli Ambassador Meir Rosenfeld.

While acknowledging that the attempt to blame Israel "is not good for us," he added: "I don't think that

the American public is buying it."

Interviewed on the Cable News Network, Rosenfeld described the Senate report as "preliminary." Other U.S. investigations, he said, were continuing.

"There is no doubt in my mind that there will be no secrets," he said. "Everything will come out, and then you will be able to say whether there was Israeli responsibility or not. What was at stake here was relations with Iran, U.S. relations with Iran."

He promised that Israel would cooperate with the upcoming U.S. investigations, but noted that the details had not yet been worked out. "We have informed the American authorities that we are ready to cooperate and do whatever possible to assist in this investigation."

"There is no doubt in my mind," he added, "that this issue is not an Israeli issue."

The ambassador went on to describe U.S.-Israeli relations today as "excellent...there has never been such close cooperation between the two countries as now. And I think this is in the best interests of the United States and of the State of Israel."

A record of 24 million lines on over 800,000 coupons were filled in last week's football pool fever. One of every eight coupons forecast at least 10 correct results.

The final payout is expected to be announced tonight.

FINANCIAL DATA ISRAEL-EUROPE-U.S.

ISRAEL MONEY MARKETS

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.58% per month
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	30.1	8-15.25	9-17.50	12-21.75
HAPOALIM	27.1	8-17.00	9-17.50	12-20.50
DISCOUNT	17.12	7-16.00	8-16.20	14-18.50
MIZRAHI	1.12	8-17.00	9-17.50	12-20.50
FIRST INTL.	13.1	10-16.00	11-17.75	13-20.45

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit: available from 7 to 59 days.)

PATAH—FOREIGN CURRENCY DEPOSIT RATES (February 1)

	MINIMUM DEP	3-MONTHS	6-MONTHS	12-MONTHS
USD (\$100,000)	5.500	9.375	9.250	9.125
STG (£10,000 pounds)	3.250	3.250	3.250	3.250
DMK (100,000 marks)	2.625	2.625	2.625	2.625
YEN (100,000 yen)	2.625	2.625	2.625	2.625

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES (February 1)

	CHEQUES AND TRANSFERS	BAKNOTES	Rep. Rates
	Buy	Sell	
Currency basket	1	1.6680	1.6783
U.S.A. Dollar	1	1.5880	1.6180
Deutschmark	1	0.8922	0.9034
Pound Sterling	1	2.4553	2.4661
French Franc	1	0.2676	0.2709
Japanese Yen	100	1.0503	1.0634
Dutch Florin	1	0.7915	0.8014
Swiss Franc	1	0.6811	0.6944
Norwegian Krone	1	0.2480	0.2511
Swedish Krona	1	0.2304	0.2333
Finland Krona	1	0.2356	0.2386
Finnish Mark	1	0.3549	0.3593
Canadian Dollar	1	1.1934	1.2084
Australian Dollar	1	1.0855	1.0987
S. African Rand	1	0.7811	0.7912
Belgian Franc	10	0.4238	0.4292
Austrian Shilling	10	1.2688	1.2846
Italian Lira	1000	1.2543	1.2700
Jordanian Dinar	1	—	—
Egyptian Pound	1	—	—
ECU	1	1.8377	1.8607

SUPPLIED BY BANK LEUMI

EUROPEAN FINANCIAL MARKETS

(January 29)

PRECIOUS METALS

GOLD:	LONDON A.M. FIX	407.30	P.M. FIX	400.50
	PARIS NOON FIX	411.40	ZURICH P.M.	400.25
SILVER:	LONDON FIX	550.00		
PLATINUM:	LONDON P.M.	517.50		
PALLADIUM:	LONDON P.M.	122.40		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)

Forward Rates

(January 29)

	SPOT	2 MTHS	3 MTHS	6 MTHS
DEUTSCHMARK	1.8245/86	62/59	92/90	181/178
POUND STERLING	1.5090/90	120/118	180/178	366/362
SWISS FRANC	1.640/70	70/65	98/94	192/182
JAPANESE YEN	161.65/76	52/50	72/70	137/132
FRENCH FRANC	6.1125/75	290/310	440/470	850/890
ITALIAN LIRA	1299/1301	825/800	1300/1375	2600/2700
DUTCH GULDEN	2.0672/82	24/20	39/34	88/80
BELGIAN FRANC	36.050/10	10/12	15/16	27/32
DANISH KRONA	6.9400/50	420/470	620/670	1200/1300
S.AFRICAN RAND	0.4820/27	15/10	21/16	80/70
EUROPEAN CURRENCY UNIT	1.1280/00	27/24	41/37	75/69
FINNISH MARK	4.5350/70	525/565	775/825	1600/1700
AUSTRALIAN DOLLAR	0.6512/19	86/83	123/118	213/207
NORWEGIAN KRONA	7.0400/00	950/980	1460/1490	2900/2950

Formula for determining forward rates:
high/low (eg. 220/210) — deduct from spot price.
low/high (eg. 210/220) — add to spot price.

U.S. MONEY RATES

Prime 7.50%; Broker 7.25%; NY Euro 3 months 6 1/4%;
Fed Funds late 6%
NEW YORK FOREIGN EXCHANGE

PREVIOUS CLOSE	DMK	SFR	STG	YEN	CAN
OPENING	1.7815/25	1.5080/70	1.6350/60	152.55/65	1.3408/10
LATEST	1.8400/30	1.5420/20	1.5215/25	153.80/80	1.3420/24
	1.8395/45	1.5480/80	1.5135/45	153.70/80	1.3397/02

Comment

Early news of a sharp drop in the December U.S. trade deficit to \$10.7 billion helped the dollar close sharply higher against all major currencies except the Canadian dollar, which benefited from a statement by U.S. Treasury Secretary Baker. Widening international rate differentials also helped the U.S. dollar.

ISRAELI STOCKS

TRADED IN NEW YORK:

NYSE and ASE

	Last	Prev. Close	High	Low	Vol ('000)
Alliance	1 1/4	1 1/4	1 1/4	1 1/4	3
Amir Pap	21 1/4	21 1/4	21 1/4	21 1/4	32
Amal	1 1/4	1 1/4	1 1/4	1 1/4	22
Elcote	1 1/4	1 1/4	1 1/4	1 1/4	29
Etz Lavud	9 1/4	9 1/4	9 1/4	9 1/4	13
Laser Inds	12 1/4	12 1/4	12 1/4	12 1/4	65

Over the counter

	last	bid	ask	last	bid	ask
Bank Leumi	—	22 1/4	24	Interpharm	—	3 1/4
Elbit	9 1/4	9 1/4	9 1/4	Oprotech	5 1/4	5 1/4
ECI Tel.	2 1/4	2 1/4	2 1/4	Rada	—	2 1/4
Elron	7 1/4	7 1/4	7 1/4	Scitech	4 1/4	4 1/4
Fibronics	8 1/4	8 1/4	8 1/4	Taro-Vit	—	3 1/4
IDB Bank	—	51	55	Teapharm	—	8 1/4
IS	—	3 1/4	3 1/4	SP1	—	2 1/4

NEW YORK FINANCIAL MARKETS

WALL STREET Closing Prices

Dow Jones Indices	NYSE Highest Volume
IND 2,158.05	UNION CARB 25 1/4 + 1/8
TRANS 874.88	ATT 24 1/4 - 1
UTILS 224.72	GEN MOTORS 75 1/4 UNCH
65 STKS 822.17	IBM MED INT 18 1/4 + 1
NYSE COMP 156.11	IBM 128 1/4 + 1 1/4
NYSE IND 182.79	P SVC NM 37 1/4 + 1/4
NASD COMP 392.06	AMEX INDEX 300.47 + 0.67
S-P 100 INDEX 262.96	
S-P COMPOSITE 274.06	
AMEX INDEX 300.47	
Statistics	
NYSE VOL 163,360,000	STOCKS UP 746 DOWN 797
NASDAQ VOL 154,315,100 (Jan. 30)	STOCKS UP 1,072 DOWN 1,018

Comment

Wall Street stocks closed slightly lower Friday as profit taking hurt the market, targeting dollar sensitive stocks in particular. A rise in the dollar, in response to a better-than-expected December trade figure, ignited selling of dollar sensitive issues.

OVERSEAS FINANCIAL DATA

PROVIDED BY REUTERS MONITOR

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	113.89+1.31%
Non-Bank Index	127.95+2.84%
Arrangement	104.01+0.03%
Insurance	117.01+2.29%
Commercial, Services	126.04+3.94%
Real Estate	124.19+1.37%
Industrials	129.35+3.22%
Textiles	129.64+2.54%
Metals	118.98+1.57%
Electronics	136.06+3.68%
Chemicals	129.25+4.08%
Industrial Invest.	140.72+4.24%
Investment Cos.	133.62+2.82%
General Bond Index	110.04+0.90%
Index-linked Bonds	111.15+1.03%
Fully-linked	113.06+1.28%
Partially-linked	108.14+0.63%
Dollar-linked Bonds	103.40+0.07%
Short-term 0-2 yrs	106.52+0.49%
Medium-term 2-5 yrs	109.73+0.86%
Long-term 5+ yrs	111.88+0.87%

Turnovers:

Shares—total	NIS 22,915,200
Arrangement	—
Non-bank	—
Bonds—total	—
Index-linked	NIS 4,981,500
Dollar-linked	NIS 3,526,400
Treasury Bills	—

Share Movements:

Advances	221 (131)
of which 5%+	8 (3)
Declines	46 (12)
of which 5%+	10 (19)
Unchanged	117 (123)
Trading Halt	37 (36)

Bond Market Trends:

Index-linked:	—
3% fully-linked	UA

SELECTED PRICE QUOTATIONS

Name	Price	Volume	% change
Meir Ezra	1430	4108	-4.7
Supersol 2	11100	1003	+7.9
Delek r	4485	3174	+3.3
Lightage	18289	n.o.i	+5.0
Cold Storage	1158	2094	+5.2
Dan Hotels	1814	910	+4.6
Yarden Hotel	2700	438	+3.8
Hilton 1	30450	28	+5.0
Team 1	1095	1495	+4.3

Commercial Banks

(not part of "arrangement")			Cold Storage	11	
Maritime	1780	4264	+9.6	Dan Hotels	18
General non-arr.	23500	89	+4.9	Yarden Hotel	27
First Int'l	5200	4836	+6.1	Hilton 1	304
FBI	6500	7450	+5.5	Team 1	10

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A fitting choice

AN UNUSUALLY long and bitter contest among generals for the job of the country's top soldier, thankfully ended yesterday with the government confirming the defence minister's choice, Aluf Dan Shomron, to succeed Rav-Aluf Moshe Levy in April as the IDF's chief of general staff.

It was a good choice, and it was not unexpected. The hero of Entebbe 11 years ago, and until recently the deputy chief of general staff, Dan Shomron had all along been the leading contender in the race, and the defence minister's favourite. Last Friday he was also assured of the premier's backing. His rivals were all competent generals, one of whom will most likely — unless they all resign to protest their discomfiture — succeed Aluf Shomron himself when the time comes.

Popular opinion is largely irrelevant to general staff appointments. But it is safe to assume that the citizenry of this still embattled land will applaud the government's decision, trusting the men who made it and placing their confidence in the new chief of general staff, as they did in his predecessor.

This majority does not, however, include the outgoing chief of general staff. For reasons that are shrouded in some mystery, Rav-Aluf Levy apparently did not consider Aluf Shomron fit to command Israel's armed forces.

In taking so dim a view of the general who will be his successor, the chief of general staff was not quite in breach of tradition. On the contrary, as his predecessor, Rafael Eitan, now Knesset member, observed yesterday. Each and every chief of general staff, Rafel pointed out, takes pains to surround himself with a loyal group of able officers, from among whom he would like to pick and groom his successor. That is unexceptionable: where a chief of general staff stumbles in is trying to dictate his personal choice to the defence minister, and to the government. The political level is entitled to have its own considerations in the matter.

The extraordinary aspect of Rav-Aluf Levy's resistance to yielding his post to Aluf Shomron was its long duration. Had it been left to the chief of general staff, Dan Shomron would have long ago embarked on a civilian career.

Such bad blood among the country's military leaders is certainly not recommendable, particularly when it spills into the open.

This kind of thing did not happen in Ben-Gurion's more authoritarian days, when the defence minister — and premier — was able to end all such foolishness by simply putting his foot down. But times have changed. Freedom of expression has in the meantime been given larger scope even within the general staff, and generals have learned to take advantage of it, notably after 1973. With the full cooperation of the media, needless to say.

Given the alternative, there is no reason for the country to deplore this development. But curbs must be placed, lest the people's army becomes too deeply enmeshed in personal rivalries and base politicking.

As it is, the IDF, though inevitably somewhat leaner from budgetary cuts, remains a formidable deterrent to the country's enemies after nearly four years of Rav-Aluf Levy's stewardship. The nation owes thanks to the departing chief of general staff for the expert way in which he brought the troops back from the morass of Lebanon, and for the thoroughly professional style of his leadership.

The next chief of general staff needs no instruction in what it takes to keep Israel militarily strong. The challenges are well enough known. One of them, not necessarily the gravest, was illustrated on the road from Haifa to Tel Aviv yesterday.

Recurring refrain

ROCKING the boat just when its equipment is desperately needed to rescue people drowning nearby, may not seem a particularly wise move. The Alignment's highest priority today may well be to secure the mammoth sums without which scores of kibbutzim and moshavim could go under, rather than insist on getting a formal resolution passed by the government favouring Israel's participation in an international conference designed as an umbrella for direct Israel-Arab peace talks.

But if Alignment leaders refrain from pinning the Likud down on this critical — if seemingly only procedural — issue, they can say goodbye to the "peace process," and to their own commitment to moving it, if possible, off dead centre.

Reports from the cabinet room yesterday suggest that Premier Yitzhak Shamir would be perfectly content to let Foreign Minister Shimon Peres keep on peddling the idea of the conference, wherever he wished to do so. So long as it was perfectly understood that Mr. Peres was merely sending out feelers, which if successful would not be considered binding on the Likud half of the national unity government — which in the circumstances means, on the government itself.

For the Alignment to acquiesce in any such compromise would be to betray not only its parliamentary constituency, but the hope of peace, too.

Even if Mr. Peres is right in his theory that no reaffirmation of Israel's readiness to take part in an international conference is at all required, he is wrong in practice. The present government is entitled to take its own policy decisions regardless of decade-old precedents, and a Knesset vote of confidence is no substitute for an explicit government resolution. The absence of such a resolution might not have mattered had the Alignment commanded a majority in the government. But it does not command such a majority.

This being so, Mr. Shamir can only be faulted for feigning acceptance of Mr. Peres's diplomatic initiative before the rotation, only to show his true colours after he had taken over the premiership.

Whether the type of international conference mooted by Mr. Peres would receive Arab approval is moot. But Mr. Shamir, a great believer in the virtue of doing nothing that might stir Arab interest in mutual concessions for peace, is anxious not to put them to the test. Energy Minister Moshe Shaleh warned on coming out of the cabinet room yesterday that if Mr. Shamir persists a crisis may be unavoidable. But we have heard that before.

Don't write off Arab oil power

Joseph Lerner

PROFESSORS Eliahu Kanofsky, S. Fred Singer and I were almost alone in our early forecasts that crude oil prices would decline rapidly. The opposite view, that they would rise exponentially above inflation, was widely proclaimed by academic specialists and think-tank experts.

Acceptance of their views was almost universal. However, I reluctantly reject the mood and most of the analysis in Singer's "Broken myth of Arab oil power" (*The Jerusalem Post*, January 7). His celebration of the end of the myth as manifested by the fall of oil from \$36 to less than \$10 a barrel and "finally hovering around \$15" is unwarranted. The "finally" was premature; \$18 has replaced \$15.

Even with \$10 as the base, the realization of an 80 per cent increase is an impressive performance for any organization of producers, and dramatically more so for a "moribund" one. Because Saudi Arabia's budgetary requirements condition its ability to further cut production doesn't mean that the country isn't a prime player. Saudi Arabia's holding back of more than 60 per cent of its production capability, that at low cost could be rapidly expanded even further, raises the floor above which other players strive to set the price.

Price fluctuations don't mean that the cartel is dead. The forces of supply and demand determine how long and how much the conspirators can exploit, but the operation of market forces doesn't mean that Opec isn't effective.

Consumers pay extra as adjustments evolve. Furthermore, whatever price the collaborators manage to set above the free market level generates support even in oil importing countries because the enhanced prices become embedded in economic and financial networks. Inventory holders don't want prices to decrease. Alternative fuel producers want to keep their competitive advantages, and bank loans are extended to oil exporters on the basis of high prices.

This attachment to artificially high prices was well demonstrated by the blizzard of anxious professional articles in American publications as the price of oil fell. A reduction to \$20 a barrel was regarded as damaging to the U.S. and the stability of the international banks, thus endangering the economy of the entire free world.

The *Wall Street Journal* (November 3, 1986) reported: "...Industry officials say the U.S. government has recently expressed to Saudi Arabia its interest in higher oil prices to relieve pressure from the U.S. petroleum lobby for oil import fees."

What price political expediency! The Reagan administration, dedicated to free trade and thus unwilling to impose import fees, signals Saudi Arabia to have Opec increase oil prices. So instead of import fees coming to the U.S. treasury, the income of all oil producers, the largest of which is the USSR, is increased. And of course oil consumers pay more. An \$8 per barrel increase in oil prices costs the Israel economy about \$500 million a year, an important factor in its balance of payments deficit.

Singer says Saudi Arabia was influenced to increase prices by "brotherly discussions" with Iran and by its awareness of "U.S. efforts to establish its influence in Iran." Saudi Arabia delivered.

There is no joy in learning that Saudi Arabia, with America's en-

couragement, whether to placate Iran or U.S. oil producers, now implements the Iranian oil strategy.

Opec power is being lessened and the myth of Arab oil power, even if played through Iran, threatens to become an institutional instrument of U.S. energy policy just as it has become embedded in American banking. We must be aware that such are the consequences when Opec and especially Arab oil producers, by restraining output, assure production at capacity for the high cost U.S. fields. Over time, there is a serious danger of having to pay a political price for a topsy-turvy world in which low cost production is held back thereby favouring American high cost production.

SINGER BLAMES the decline of Arab oil power on the Saudi "strategic error" of permitting oil prices to explode from \$12 to \$36 a barrel in 1979-80. But that action didn't cause the changes which he relates to that price increase. Construction of nuclear plants which then came on line had long been underway as was the increased efficiency of automobiles. Furthermore, in the U.S., nuclear power displaced more coal and gas than oil. Generally, the changes in energy consumption patterns which took place after 1980 were economically justified and underway in response to \$12 a barrel oil.

Genuine conservation was the prime and nearly exclusive force in pushing prices down. The other expected remedies were horrible failures. Offshore American Atlantic oil and gas development yielded nothing. Strangely, this scientific and technological failure, perhaps the largest in American history, has hardly been reviewed much less evaluated even though the undertaking received full media play along the way.

Overall, the higher oil prices raised U.S. oil capacity and production far less than had been anticipated. Elsewhere, much vaunted potential sources such as Venezuela's enormous deep tar zone turned out to be uneconomical.

Synthetic fuel programmes yielded only abandoned operations and warehouses of reports. The entire array of nonconventional sources such as windpower, photovoltaics and tidepower were failures. Even though conservation proved successful, government programmes related to it were essentially terminated and motor vehicle performance standards have been relaxed.

IN A DECADE, Singer sees Opec's excess capacity worked off, leading to "an inevitable general increase in oil prices." How about increased Arab political power? Singer would have the "inevitable" delayed three years until the year 2000 by a four component programme: (1) deregulation and free energy markets; (2) oil conservation, especially removal of obstacles to coal and nuclear power; (3) demand restraint taxes on transportation fuel users; and (4) stabilization of oil prices to consumers by purchase or sales from stockpiles and oil import fees.

Free market advocacy and price stabilization for consumers make an odd couple. Variability is an important aspect of market behaviour. If, as Singer says, we "are in for a

prolonged period of unstable prices," so be it. Don't shield the user from that important message.

Price instability discourages consumption and may instil political sensitivity. Price instability is likely to reduce the degree to which banking and other sectors of the economy will become associated with and, therefore, advocates of the interests of oil exporters. Besides, on the basis of long and deep experience with U.S. energy policy, I can assure Singer that he won't be happy with a government price stabilization programme.

There is little chance of ever persuading the U.S. oil constituency that oil prices are too high. Also, in an economic emergency, free-market advocates would oppose government intervention through selling oil from stockpiles just as they opposed price controls and related measures during past emergencies. At what price would Singer begin to sell? How about selling stockpiled oil now in order to return the price to \$10 a barrel and show Opec the U.S. means business?

AS FOR removing obstacles to the substitution of coal and nuclear energy for oil, the main obstacles apparently come from specific problems related to coal and nuclear energy such as waste disposal and air pollution. The physical obstacles will have to be overcome by scientific or engineering achievements rather than legal measures.

I doubt that enhanced energy conservation a decade from now will be able to repeat its accomplishments of the past decade. Now, and even more so in 10 years, our energy structure lacks the fat and looseness of 1973. In 1997 or 2000 there won't be an America deep in gasoline guzzlers, technically poor furnaces, barely insulated buildings, few timing devices, and a world of TV sets with tubes about to be replaced by solid state systems. Absolute deprivation and alternative energy will be the only means of coping with an Opec without spare capacity.

Rather than celebrate the "Broken myth of Arab oil power," I see profound danger ahead. Ten or 15 years is a short time to prepare if grave danger is to be avoided. The challenge of this decade is to proceed earnestly in developing energy alternatives and begin to put them in place.

At the same time the U.S. must have the political will to lead oil consumers in an ethical, political campaign against Opec exploitation. That will be a tough assignment to undertake for the U.S. whose oil producers are second only to the USSR in benefiting from Opec power. Representatives of the exploiters should be called what they are rather than be treated as dignified diplomats.

I am concerned with how we will cope with Arab oil power in the future. We could not make a bigger mistake than assuming that anything less than intensive research and political efforts starting now is essential. Every minute counts.

An end of the Iran-Iraq war in the near future might deal Opec a death blow if Iran and Iraq assert their rights to produce oil commensurate with their reserves and to "compensate" for the oil they haven't produced. Fine. But let us not rely on that development.

The writer is proprietor of Energy Economics Associates in Jerusalem.

Dry Bones



READERS' LETTERS

ENCOUNTERS

To the Editor of The Jerusalem Post

Sir, — I recently attended a conference focussed on the resolution of conflict in our region. The participants were both Jews and Arabs, of various walks of life and representing a wide range of points of view, all of us, in one way or another, were looking for something better than the status quo.

In the course of the discussions and encounters, I heard a story of a Palestinian who lives across the Green Line. One evening he and his family came by car to visit Jewish friends in French Hill for a holiday celebration. They were stopped by an armed patrol and subjected to a rude interrogation. As a result, the man's wife and children are fearful of attempting such a visit again.

Could it be that the men who were so harshly "doing their duty" were themselves so full of fear that they could not perceive the humanity of the people before them? Is it possible to do one's duty as a soldier or policeman without being brutal? Their task was presumably to thwart terrorism, yet the behaviour of these appointed protectors was such as can very well inspire the frustration and rage that spur to violent action.

All those entrusted with the responsibility for safeguarding the physical well being of the people living in this country should consider the consequences of their actions and see to it that peace and security are enhanced, not a spiralling of hatred and distrust.

HADASSAH HASKALE
Jerusalem.

IRANGATE

To the Editor of The Jerusalem Post

Sir, — Some of Israel's best friends in America have attempted to portray her as a hapless pawn in the Iran affair. This tactic is fraught with danger.

First, the claim is utterly implausible and undermines the credibility of those who assert it. Just because Israel could not force the American administration to participate in the initiative does not mean Israel was not a major source of information and planning and an active instigator.

Second, the notion that Israel is a mere "client state" serves the purposes of those who wish to substitute U.S. pressure on Jerusalem for direct negotiations between Israel and her adversaries. Surely any short-term gains in placating U.S.

public opinion are not worth the possible future cost of perpetuating the Arabist myth of Israel as the "tool" of the U.S.

Third, the argument demeans Israel's worth as a regional ally of the U.S. American aid is (or should be) based on Israel's intrinsic status and worth, and not on Israel's supine acquiescence to Washington's every whim. Conversely, it was entirely appropriate for Israel to assess regional developments and for the U.S. to rely on that assessment. That Israel may have made mistakes is irrelevant. The alternative of diplomatic autarchy is unrealistic.

Resort to loaded, emotional accusations that Israel is being made a "scapegoat" only obscures these realities. SETH A. HALPERN
Scarsdale, N.Y.

HABONIM DROR

To the Editor of The Jerusalem Post

Sir, — In an interview with Dan Koren (December 17), the international commissioner of Hatzofim states that "Young Judea and Bnei Akiva are the only two Zionist youth movements that are really alive" in North America. It is distressing that the entire spectrum of Zionist youth in North America is ignored by unilaterally disavowing the vitality of five significant youth movements in addition to the two noted above.

Recently, 500 representatives of all the Zionist youth movements gathered at the Zionist Assembly in Philadelphia to announce the formation of the Federation of Hagshuma Movements in North America. Of these, 100 university-age members of Habonim Dror made up the largest single delegation to the convention.

Next year, the members of "Gal Hadash," the current *gala* of Habonim Dror North America will become the founding settlers of Kibbutz Lavon in the Tefen region of Galilee. Some 2,000 Habonim graduates live in kibbutzim, moshavim and cities all over Israel.

MARK RAIDER
Habonim Dror North America
New York.

KIBBUTZ YAHIEL

The Leaders of the Development Towns in Israel and the Negev and Galilee Settlements

voice their support for the chairman of the Executives of the Jewish Agency and the World Zionist Organization,

Mr. Arye Dulzin,

and for the members of the Jewish Agency Executive and the staff of the World Zionist Organization.

We express our appreciation for their years of activity in the spheres of aliya, settlement, education, culture and social welfare in our Settlements, and reject in disgust the recent unbridled attacks on the Jewish Agency.

May you continue your challenging and important work for the development of the State of Israel.

Shaul Amor

Chairman of the Israel Development Towns Committee

Zvi Hazan

Chairman of the Negev Representatives Council

Menahem Ariav

Chairman of the Galilee Council

Yossi Goldberg

Chairman of the Forum of the Leaders of Confrontation Settlements

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